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International Herald Tribune

Published With The New York Times and The Washington Post

No. 34,060 36/92 ** PARIS, MONDAY, AUGUST 31, 1992 ESTABLISHED 1887

Andorra ... 6.50 F. Iceland ... 175 IKR Oman ... 1,000 Rials
Antilles ... 10 F.F. Iran ... 115 Rials Poland ... 23,000 Zl.
Austria ... 25 S. Israel ... NIS 5.50 Portugal ... 210 Esc.
Bahrain ... 0.800 Din. Italy ... 2,400 Lire Qatar ... 8.00 Rials
Belgium ... 60 B.Fr. Jordan ... 1.00 Rep. of Ireland 85 P.
Bulgaria ... 50 Levs Kenya ... Shs. 65 Réunion ... 10 F.F.
Cyprus ... C.£ 1.00 Kuwait ... 500 Fils Russia ... U.S.$2.00
Czechoslovakia 35 Kr. Lebanon ... U.S.$1.10 Saudi Arabia 9.00 R.
Denmark 14.00 D.Kr. Libya ... 1 Din. 0.75 Spain ... 180 Ptas.
Egypt ... E.P. 5.000 Luxembourg 55 L.Fr. Sweden ... 12.00 S.Kr.
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Great Britain ... £0.80 Nigeria ... 25.00 Naira U.A.E. ... 8.50 Dirh.
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Social Fabric Frays As Russian Society Remakes Itself

Days of 'Anything Goes' Break the Basic Bonds

By Celestine Bohlen
New York Times Service

MOSCOW — After a year of political and economic turmoil, Russians have become accustomed to watching things fall apart. But the collapse of the Soviet Union, the Communist Party and other institutions that once controlled their lives did not prepare them for the last and perhaps most painful shock: a breakdown in the trust and discipline that bound their society together.

It is not just a matter of crime, corruption, prostitution, smuggling, and drug and alcohol abuse, although there is plenty of evidence that these are on the rise. There also is a widespread view that now, as Russia goes through another historic convulsion, people are out for themselves and anything goes.

Business executives, foreign and Russian, complain of contracts signed and ignored, of money paid and goods never delivered. Millions of dollars in bribes have been paid for the illegal export of oil and other resources. Bankers give cheap credits in return for bribes, and workers stage sit-down strikes, demanding more bottles of vodka before finishing the job.

Moonshine, tinted and packaged in Chivas Regal whisky bottles, is sold in street kiosks, and drivers of fuel trucks, taking advantage of long lines at gas stations, sell motorists canisters of gasoline laced with engine-fouling kerosene.

Swindles and bribes are hardly a new phenomenon in Russia. The old Communist system spawned its own kind of crime, peculiar to an economy based on shortages. But today's versions are bolder and more sinister.

People use the word *naglost*, meaning brazen insolence, to sum up the prevailing atmosphere. Naglost applies equally to the Moscow drivers who think nothing of running red lights and to the state factory director who drives a Mercedes with government plates to a meeting where he attacks the government for failing to provide adequate subsidies to his floundering industry.

Imported cars have become the calling cards of the new rich — both private citizens and state employees, who zip past their fellow citizens chugging along in Russian-made Zhigulis and Moskviches.

Some of the foreign cars arrive here through car-theft rings, others as part of officially sanctioned barter deals. Some are bought from Western dealerships, for staggering sums. A Porsche representative said his company had sold 20 sports coupés to Russians since May at an average price of $112,000, or the value of 24 top-of-the-line Russian cars.

Such ostentatious wealth sets most citizens' nerves on edge, particularly doctors, teachers and scientists, whose salaries still lag behind the new average of 5,000 rubles (about $25) a month. Their frustrations have become a battle cry for the rightist opposition, which has labeled this an era of the "Mafiosi-Bourgeoisie."

The word mafia is used frequently, applied to the fruit and

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Carol Guzy/The Washington Post

Hurricane Victims Given Food as Troop Presence Grows in Florida

National Guardsmen handing out food on Sunday in Florida City, southwest of Miami. Despite the arrival of relief supplies, survivors suffered more misery over the weekend as a storm soaked the homeless in some areas and knocked out newly restored power. The army-led effort, which is due to have some 14,000 troops on the ground at midweek, had 8 of 20 kitchens open by Sunday. Page 5.

Police Clash With Thugs In Germany Over Aliens

Rightist-Led Violence Continues Near Hostels In at Least 8 Cities

Compiled by Our Staff From Dispatches

BERLIN — Rightist thugs burned down a tent city for refugees, fought with the police and fired a bullet through an Albanian family's window as Germany grappled again Sunday with a surge of racist violence.

Police agencies reported neo-Nazi attacks in at least eight cities, most of them in Eastern Germany. The attacks were a continuation of anti-foreigner outbursts in 10 cities on Saturday.

The worst incidents were in Cottbus, where about 180 extremists threw stones, bottles and gasoline bombs at police after being prevented from attacking a refuge for asylum-seekers.

Attacks were also reported in Leipzig, Görlitz, Stendal, Schwerin, Neubrandenburg and Eisenhüttenstadt. The police, who had increased security around refugee hostels, made dozens of arrests.

About 60 neo-Nazis attacked a police car in Berlin with stones and fired flare guns.

The last week has been the most harrowing for foreigners in Germany in two years as the neo-Nazi movement — comprising mostly uneducated, apolitical youths — has systematically attacked Slavs, Africans, Arabs and Asians.

At least 26 people were arrested and a dozen injured on Sunday. Roughly 180 arrests were reported during numerous confrontations the day before.

The German counterintelligence agency said Sunday that it had set up a special unit to monitor extreme-rightist violence.

The weekend of violence was inspired by five days of attacks last week on refugee shelters and clashes with the police in the Baltic Sea port of Rostock.

On Saturday, about 13,000 people, including leftists, marched under tight security in Rostock to protest the violence. Scuffles broke out, and 90 people were arrested. Of the 399 people arrested there last week, 38 remained in custody and will face charges that include arson and attempted manslaughter.

Rostock residents, many of whom applauded the initial attacks on a hostel because, they said, the 200 Romanian Gypsies living in it had behaved appallingly, said they were being unfairly portrayed as racists.

"We have nothing against foreigners," said one pensioner. "The press exaggerated everything. You had to be here to understand the situation with the Gypsies. We don't want to have anything to do with left or right. We just want to be left in peace."

German authorities, meanwhile, may take legal action against foreign television crews accused of paying German children to give the straight-armed Hitler salute in Rostock, the police said Sunday.

A police spokesman said that the TV crews had been seen by residents and plainclothes police officers staging the salutes and handing over money before and during a largely peaceful march against racism in the city Saturday.

Officials would not identify the television organizations, but they quoted residents as having said they were U.S. and French.

The police spokesman said the crews could

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Kiosk

10 Georgians Die Fighting Rebels

TBILISI, Georgia (AP) — Georgian and Abkhazian forces clashed Sunday near the Black Sea coastal city of Gagra, leaving 10 Georgians dead and 20 wounded, Georgian reports said.

The battle broke out just hours before a cease-fire agreed to by the warring sides was to take effect. Georgia sent troops into Abkhazia earlier this month to root out supporters of the former Georgian president, Zviad Gamsakhurdia.

General News

The Kurils should remain Russian, the governor of Sakhalin says. Monday Q&A. Page 2.

Hoping to take the initiative, the Clinton campaign could ditch the bus. Page 3.

Crossword Page 6.

Maastricht Doubt Clogs West European Markets

By Carl Gewirtz
International Herald Tribune

PARIS — Liquidity — the ability to sell assets readily and the essence of well-functioning financial markets — is evaporating in Western Europe. Markets have become one-way streets clogged by either sellers or buyers.

The trading bottlenecks are creating tension, most notably in the foreign-exchange market, that are destined to continue until it becomes clear how governments will deal with the outcome of the Sept. 20 French referendum on the Maastricht treaty.

If, like the Danes in late June, the French vote "no," the current plan to create an economic and monetary union in Europe before the end of the decade will be dead. It is widely assumed that at least Italy and Britain, if not others, will use that event as a politically convenient excuse to accept a devaluation against the Deutsche mark.

Even if the French approve the treaty, doubts remain about the ability of governments — notably Italy and Britain but also France — to maintain exchange rates given the need to also keep up with the high level of interest rates imposed by Germany as growth is slowing and unemployment is high and rising.

Most of the latest French opinion polls show a small majority opposed to the treaty.

Whether financial markets fully reflect this outcome is moot. Christopher Potts, at Banque IndoSuez in Paris, believes that "most of that risk is already in the market." However, Simon Crane, a London-based trading adviser to banks, asserts that "there's lots of positioning still to be done."

But preparing for the worst might not necessarily be the soundest strategy.

Jonathan Hoffman, at Crédit Suisse First Boston in London, drew a scenario in which French rejection of the treaty opened the way for the Bundesbank to lower interest rates and thereby preserve the European Community's existing fixed exchange-rate mechanism, or ERM.

Since German inflation has stabilized, unemployment is rising and production and orders are stagnant, Mr. Hoffman suggests that a "no" vote in France "would remove one possible justification for high German interest rates: namely, sabotage of EMU."

He also noted that the upset in European equity markets "might be so great as to give the Bundesbank the pretext it needs, given the weak economy, for overriding strong money supply growth and easing."

Awaiting the outcome, the foreign-exchange market has become a one-way street — into the Deutsche mark. For the first time since 1990, the mark is again at the top of the ERM. Dealers say that no one currently is willing to buy lire except

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Prime Minister Pierre Bérégovoy of France warns of a monetary crisis if the union treaty is rejected. Page 9.
The weak dollar cuts both ways for U.S. exporters. Page 11.

No Talk Yet of Dollar Recovery

International Herald Tribune

PARIS — Foreign exchange traders were impressed by the dollar's ability to recover late last week and to remain above 1.40 Deutsche marks, but there was no confidence that it could hold there.

The dollar, which early in the week fell to a record low of 1.3940 DM, ended the turbulent week by holding virtually steady at 1.4095 DM.

"The market will test it," said Paul Chertkow, London-based strategist for UBS Phillips & Drew. If it encounters "major intervention" by central banks coming to its defense, Mr. Chertkow expected that 1.40 DM could become the floor for stabilizing the dollar.

But even if forceful intervention buoyed the dollar, analysts were not yet prepared to talk about the possibility of a sustained recovery. That awaited lower German rates or signs of a U.S. economic recovery, which might allow higher U.S. rates, narrowing the gap of over 6 percentage points between U.S. and German short-term rates.

Allies Seek Iraq's Breakup, Saddam Says

By William E. Schmidt
New York Times Service

CAIRO — The allied threat to shoot down any Iraqi aircraft that ventures below the 32d parallel drew its first personal response Sunday from President Saddam Hussein, who accused the United States and its European partners of seeking to dismember Iraq and the Arab world and seize control of its oil.

But in a broadcast speech read on his behalf by an unidentified narrator, he did not threaten to challenge the exclusion zone, nor did he suggest that Iraq would defeat the coalition militarily.

Instead, he said the campaign would bring the allies "nothing but the indignation, anger and rejection" of the Iraqi people.

He also appealed for the patience of Iraqis, promising that the confrontation with the allies would be pursued "through the course of arms or through other courses," although he did not specify what he meant.

It was not explained why Mr. Saddam had not delivered the speech himself, as expected.

Iraq has made no move to challenge allied warplanes in southern Iraq since they took control of the skies there Thursday, in what is described as Operation Southern Watch.

Earlier Sunday, Iraqi newspapers reported that tens of thousands of army deserters and infiltrators who had been hiding in the marshes of southern Iraq were coming out to surrender to Iraqi officials.

Taking advantage of what Ath Thawra, the government newspaper, described as an amnesty, large numbers of people were reported to be giving themselves up and asking to fight the allies.

The United Nations was bracing for another confrontation with Baghdad on Monday, when a new team of weapons inspectors arrives. It will be their first trip into the country since U.S., British and French war planes began patrolling the skies over southern Iraq. The coalition says the air shield is intended to protect Shiite Muslims from Iraqi air assaults.

The new weapons team is part of an ongoing UN mission to elimi-

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U.S. Plans Tougher Options for Baghdad

By John Lancaster
Washington Post Service

WASHINGTON — Anticipating that Iraq may continue attacks on Shiite Muslims in southern Iraq, the Bush administration is preparing further military options, including air strikes and the creation of a "safe haven" modeled after the sanctuary established for the country's minority Kurdish population in the north, administration officials said.

The officials described the ban on Iraqi flights imposed by the United States, France and Britain last week as a "first step" in a graduated pressure campaign against President Saddam Hussein.

"But should deterrence fail," said a senior Defense Department official, "we have to look at alternative, additional steps."

Although the officials declined to offer specifics, they said the options included bombing Iraqi military targets — not only those in the southern part of the country — and establishing a more aggressive security zone for the Shiites in which Iraqi military activity of any kind would essentially be banned.

"The north is a model," another Pentagon official said.

The officials said further that they hoped to accomplish what one described as an "ancillary" benefit of weakening Mr. Saddam's leadership and perhaps to achieve the long-standing goal of encouraging a coup by elements of the Iraqi leader's military.

The officials' willingness to discuss their military plans in more detail reflected, in part, a desire to counter criticism that the administration had not figured out a long-term policy on Iraq now that the short-term goal of grounding Iraqi flights south of the 32d Parallel has

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Rikard Larma/The Associated Press

A Sarajevo mechanic appealing for help Sunday as his garage burned out of control from a mortar and rocket attack.

As Gorazde Siege Ends, 7 Die in Sarajevo

By Blaine Harden
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Bosnian armed forces said Sunday that they had broken through the Serbian siege of Gorazde, while in Sarajevo a tank shell landed in a crowded market, killing at least seven people and wounding dozens.

The reported breakthrough at Gorazde, whose 70,000 civilians have been pinned down under a ring of Serbian guns for more than 120 days, would, if verified, mark the first major victory for the outgunned defense forces of Bosnia-Herzegovina. Serbian fighters have taken control of nearly two-thirds of the republic.

The Bosnian announcement came a day after Serbian forces announced that they were lifting the siege of Gorazde voluntarily, as part of a commitment made last week at a peace conference in London.

If the Bosnian assertion is true, it would appear that the Serbs' abandoning of Gorazde was less a result of diplomatic goodwill than military necessity. Gorazde is the one major town along the Drina River in eastern Bosnia that the Serbs have failed to overrun and "cleanse" of its Muslim occupants.

Friction over Muslims in Yugoslavia mars a meeting of Nonaligned nations. Page 7.

In the Sarajevo shelling, the wounded and the dead were loaded into the back of army trucks and driven away to two hospitals. The attack marked the highest death toll from a single shell since a mortar exploded next to a bread line in late May in Sarajevo's Old Town, killing 20 people. According to some reports, the death toll Sunday may have been as high as 15.

Sarajevo TV showed an elderly woman, howling in despair, sitting on a chair near the dead and dying, surrounded by blood puddles.

A wounded woman interviewed by Sarajevo said: "I was waiting for bread since 7 this morning when I saw the round fall. I couldn't breathe. Dead people fell next to me."

Stepped-up Serbian shelling of civilian targets in this city, with a daily death toll in the last week of 15 to 25, appears to be a response to a week-old Bosnian government offensive to break loose from the five-month siege of the capital.

That offensive appears to have made significant gains northwest of the city. In addition to Bosnian assertions of progress, the government-controlled media in Serbia, which normally report only on victories by Serbian forces, have mentioned heavy fighting in recent days between Serbian and Bosnian fighters in

See BOSNIA, Page 7

Shanghai Coins a Word for 'Fat Cat'

By Nicholas D. Kristof
New York Times Service

SHANGHAI — James Shen is a tall, well-dressed 29-year-old who for the last five years has lived the Chinese dream: He has worked abroad for a Western company, earning a Western salary.

So when Mr. Shen, who sells flame-retardant chemicals for a British company, returned to his native Shanghai this month to visit friends, he had a rude surprise.

"I'd worked abroad, so I figured I was rich," he said over breakfast in the $105-a-night hotel where he is staying. "But I came back and discovered that I was poor. There are so many rich people here now, so many millionaires."

A dozen years of some of the highest economic growth rates in the world have nurtured the re-emergence in China of the super-rich, a class that the Chinese masses used to struggle against and now struggle to join.

The average monthly salary in China may be less than $35 at the official rate of exchange, but for anyone who thinks of this as a nation of impoverished peasants wading in rice paddies, it is a shock to inspect the gleaming counters of Shanghai's Glorious Clock and Watch Shop.

"With consumer standards rising, we're planning to sell Rolexes soon," said Shi Guanghui, the middle-aged assistant manager of the shop, as he sneaked a disapproving glance at an American visitor's plastic digital watch. "A lot of other shops already have Rolexes."

Mr. Shi said he was already doing a brisk business selling Rado watches from Switzerland, which cost as much as $3,000. The

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View From Sakhalin: Kuril Islands Should Remain Russian

A long and bitter dispute over ownership of the Kuril Islands will be a major issue when President Boris N. Yeltsin of Russia visits Tokyo from Sept. 13 to 16. On a trip to Wellington recently, Valentin Fedorov, governor of the Sakhalin region of Russia, which includes the disputed Kurils, discussed the problem with Michael Richardson of the International Herald Tribune.

Q. Should Mr. Yeltsin trade the Kuril Islands that are claimed by Japan for large-scale Japanese economic assistance, including investment, for the Russian Far East?

A. No. It is a myth that we can use Japanese aid to support our economic reforms. The handover of the Kurils would be a big blow to the Russian economy. Take just one example. Each year, we catch about 1 million tons of fish worth billions of dollars around those islands.

Q. Do you oppose the Yeltsin visit to Japan?

A. It is premature and should be deferred until the economic situation in Russia is normalized. You cannot conduct optimum negotiations from a position of weakness.

Q. What approach should Russia take in negotiating with Japan over the four disputed islands, which the Japanese call the Northern Territories?

MONDAY Q&A

A. The Kuril Islands belong to Russia and should remain Russian. We are prepared to negotiate. However, Japan should admit that this is the sort of question that Russia does not have to discuss at all.

Q. Weren't the islands seized from Japan at the end of World War II by Soviet forces?

A. That is true. But it is only one fact. In the 18th century, the islands belonged to Russia. Under an 1855 agreement, they were ceded to Japan by czarist Russia. The northern Kurils remained with Russia; the southern Kurils went to Japan. It reflected the correlation of forces and the imperialist policy of both countries. It happened because Japan was stronger than Russia and could take unilateral action.

In 1904, Japan attacked the Russian fleet in violation of the 1855 agreement and a subsequent treaty in 1875. That was our Pearl Harbor.

Q. How should the dispute over the Kurils be settled?

A. We inherited this matter from the past. You cannot review boundaries. You have to do away with boundaries. I have suggested that to Japan. I have also suggested that we have visa-free travel, free trade and cross-investment between Sakhalin and Hokkaido. But the Japanese side refused.

We should develop economic cooperation and relationships that integrate Japan and the Russian Far East. That would be the basic foundation for a good and healthy relationship. I admire Japan and think that we have a lot to learn from the Japanese. They have earned their position in the world by working very hard. But I cannot agree to chopping off part of Russian land.

Q. If Moscow presses ahead with a deal that would return the four disputed islands to Japan in stages, what would the reaction be in Sakhalin?

A. It would be unlawful for Moscow to do that and there would be a negative reaction. Such an act would never be validated, because under the Russian Constitution, changes in the territory or boundaries of the regions can be made only with the consent of the affected regions. Sakhalin would never consent.

Q. Sakhalin has rich resources of fish, coal, oil, gas, timber and agriculture. How do you plan to develop these assets?

A. If we involve the state sector, we will not achieve much. We would only be recreating the same old system that existed under the Soviet Union. Therefore, we must create our own private enterprise to support our own economy.

It will take a long time to develop our own businessmen. We should allow 10 years, not 500 days as the government in Moscow suggests. We must have a half-closed variant of the market economy to start with while we build up Russian national private business.

Overseas companies and investors that can contribute to this process are most welcome. But economic renaissance must start from Russian roots.

Q. Do Sakhalin and other regions of Russia need more autonomy and a greater share of their resources to develop their economic potential?

A. Moscow is taking most of the wealth from our resources and giving only little handouts in return. However, even though I criticize the central government, I concede that it is better now than it was in the Soviet Union.

Still, I do not understand why the democrats cannot govern better. They are discrediting themselves. It is obvious to everybody that they are economically incompetent.

So I think that the next government of Russia will be ruling from a national point of view, keeping national interests in mind and being patriotic. The Communists will never come back again. The democrats are losing popular support. National forces are gaining strength. In power, they will not allow the handover of the Kurils to Japan.



Bob Jordan/The Associated Press

Refugees at Belet Uen, in western Somalia, getting a meal at a feeding center. The U.S. aid airlift continued over the weekend.

'It's Not the Food — It's the Anarchy'

By Keith B. Richburg
Washington Post Service

MOMBASA, Kenya — Brigadier General Frank Libutti's first exposure to Somalia's misery came Aug. 19, during a brief tour of the famine-stricken town of Baidoa.

He was immediately confronted by the chaotic and depressing scenes that have come to characterize the plight of Somalia, where 1.5 million people face imminent starvation and where clan warfare and banditry rage unchecked because there is no government to impose order. His initial view came at Baidoa's airstrip, where the Marine general was described by one source as "shocked — it was a bunch of ragged guys with guns."

Wearing civilian clothes for the supposedly incognito visit, General Libutti was whisked into the town center to see two feeding centers run by foreign relief agencies. "He was appalled by the hunger and the filth," the source said.

The international community is now discovering what General Libutti has apparently learned: Recognizing suffering is one thing, but doing something about it — in a country with no government, where the rule of the gun prevails — is another matter.

Western capitals can allocate food and supplies, and diplomats can speak optimistically of ceasefires and peace conferences. But as long as Somalia remains in the grip of young armed hoodlums who hijack food for the power it confers,

NEWS ANALYSIS

outside intervention, even for humanitarian purposes, will remain limited.

"The problem here is not resources or food," said Andrew Natsios, President George Bush's special coordinator for the Somali relief effort, of which General Libutti is commander. "It is security. It is the clan war. It is the anarchy. This is not civil war — this is chaos."

The world woke up to Somalia's suffering three weeks ago, responding to the chiding of Butros Butros Ghali, secretary-general of the United Nations, and to images of rail-thin Somalis. On Aug. 14, the White House announced plans for an airlift of 145,000 tons of food to help alleviate the Somali famine. Smaller food airlifts have been undertaken by the French and German governments.

But the West's difficulty in coming to grips with Somalia's misery may have been illustrated when the long-awaited U.S. airlift into Somalia finally began Friday. The first U.S. C-130 cargo planes went not to Baidoa, which has come to epitomize the country's suffering, but farther north to Belet Uen. General Libutti was later overheard telling some of his officers that Belet Uen was "a much more upbeat place than Baidoa."

It is certainly far safer and more orderly — and thus easier to supply. On Saturday, three more U.S. cargo planes made the trip from Kenya to Belet Uen, and so far no plans have been announced to expand the U.S. effort to needier towns and villages, such as Baidoa, in the country's interior.

Part of the problem is that in a starving country, food becomes power — and thus the prey of both organized armed looters and freelance gunmen. Warlords who use young men to fight their battles pay them not in cash but in food. Foreign relief agencies wishing to move food from place to place inside Somalia must negotiate deals with the patchwork of clan leaders and militia commanders who have replaced organized government.

If the world needed any added reminder of the perils of food delivery amid anarchy, it came Friday just as the U.S. airlift got under way. In Mogadishu, the capital, gunmen raided the port, where a UN ship was being unloaded. About 300 tons of food and 199 barrels of fuel were stolen.

Friday brought another reminder of the prevailing anarchy when two UN observers monitoring a Mogadishu cease-fire, a Czech and an Egyptian, were shot and wounded as they approached a militia checkpoint in a vehicle bearing the UN flag.

Further expansion of the UN presence in Somalia appears daunting without at least the tacit approval of the principal warlords. Few nations would be willing to commit troops to a peacekeeping force in a country without clearly defined battle lines and where the major combatants openly oppose their presence.

Mr. Natsios called UN troop expansion "a good idea" that the United States supports. But he added, "The question is, which country will contribute the security guards?"

Zaire Is Left to Sink Ever Deeper While Mobutu Cruises On

By Kenneth B. Noble
New York Times Service

KINSHASA, Zaire — A Madison Avenue hairstylist who calls himself Andrew says that every two weeks for the last eight years he has traveled here to cut the hair of President Mobutu Sese Seko.

Taking into account Andrew's first-class air travel from New York, hotel accommodations at the luxurious Inter-Continental Hotel and whatever fee he earns, each presidential haircut is estimated to cost Zairians at least $5,000.

A few blocks away from the Inter-Continental, in a fetid, fly-infested ward of the Kinoise Clinic, Mwanda Ngimbi is slowly starving to death.

Mr. Mwanda entered the hospital in May after he was robbed and shot by a bandit. He was well enough to leave the hospital in mid-June. But Mr. Mwanda, who earned about $15 a month as a taxi driver, had no money, and hospital officials are holding him under guard until he pays his medical bills, which now total about $450 and are mounting daily.

Since the hospital is not feeding Mr. Mwanda and he has no money to buy food, he depends on the charity of other patients. But that is not nearly enough, and now, suffering from severe malnutrition, he is too weak even to sit up.

If Mr. Mwanda is a symbol of Zaire's desperation, Andrew is a symbol of what caused that desperation: the corruption and mismanagement of the government.

While its impressive natural resources sit largely undeveloped, this country is one of the world's poorest, and getting poorer at a rate that has been ominously gathering speed since September 1991, when a paroxysm of looting and arson wiped out much of its modern industry.

"The vast majority of Zaire is now back to subsistence levels," said Herman J. Cohen, the U.S. assistant secretary of state for African affairs, who came here early this month on a fact-finding mission. "And for the first time we're seeing cases of malnutrition."

"It has always been serious," he added, "but now it's getting dangerous."

Mbongo Nguodja Harouna, a human-rights campaigner whose group, Voice of the Voiceless, has been trying to win the release of Mr. Mwanda and others in his predicament, said: "People have never suffered like this before. A lot of them have simply given up hope."

Zaire is one of the world's major producers of copper and cobalt, and has climatic and soil conditions suitable for growing a wide range of tropical crops, including cotton, rubber, coffee, palm oil and sugar. This potential has long been frittered away by corruption, brutality and random violence.

But the notion persisted that if only the "bad Zairians" who surrounded and ill served Marshal Mobutu were reined in, the country would right itself. There also was a belief among Zairians that the country was too valuable to the West for it to let the misery continue.

Those days are over. With the end of the Cold War, many have come to realize that the West, and especially the United States, has no intention of rescuing the Zairians.

"We've supported them, yes, and we supported Mobutu," said a Western diplomat with long experience in Africa. "But those days are long over. It's a painful thing for many of them to realize, but Zaire is no longer of great strategic interest."

Even without Western help, Marshal Mobutu hangs on despite a rising public clamor for his removal from the power he has autocratically exercised for 27 years.

The president retains his grip through old-fashioned repression. Virtually every night, unmarked vehicles roar through Kinshasa's dusty streets, bearing grim-faced men in khaki uniforms without insignia. In a recent report, the Zairian Human Rights League said these men — known to Kinshasa residents as the "owls" — were members of Marshal Mobutu's Special Presidential Guard, and had made numerous assaults against those perceived as political threats to the government.

But Marshal Mobutu's power has been eroded. He spends most of his time aboard his yacht on the Congo River, and has entered Kinshasa, Zaire's capital, only twice this year, both times briefly and without advance notice, under the cover of night and with a squadron of heavily armed guards.

People say that if he were to enter Kinshasa openly and move among this city's 5 million citizens, it is doubtful that he would get out alive, given his tenuous control over the country's security forces.

Bending to public outrage, Marshal Mobutu's representatives have been meeting with opposition leaders since July 1991 in a national political conference intended to draft a new constitution and set a schedule for multiparty elections. But the conference appears to have fallen short of the opposition's main objective, namely to force Marshal Mobutu from office.

■ New Transition Team

The new prime minister of Zaire, Etienne Tshisekedi, named a 21-member government late Saturday, picking little-known newcomers and avoiding the most hard-line opponents of Marshal Mobutu, Reuters reported from Kinshasa.

A presidential decree, confirming the list, was read on state radio. No Mobutu supporters were appointed to the transitional government charged with guiding Zaire to free elections and ending Marshal Mobutu's rule.

Attack Won't Deter Somalia Aid, UN Chief Says

Reuters

UNITED NATIONS, New York — Secretary-General Butros Butros Ghali expressed concern over the weekend about an attack on two unarmed UN observers in Mogadishu, but said it would not deter him from sending additional personnel to guard humanitarian operations in hunger-ravaged Somalia.

His statement was prompted by the wounding Friday of officers from Egypt and Czechoslovakia who had been serving with a 50-member observer team assisting with UN relief operations in Somalia.

The East African nation has been reduced to anarchy by months of clan-based factional fighting, accompanied by drought and famine that have taken tens of thousands of lives.

"The secretary-general is deeply concerned at this vicious attack on unarmed UN peacekeepers," his statement, issued through a spokesman, read. "All concerned in Mogadishu should ensure that such criminal actions do not recur."

Responsibility for the security and safety of UN personnel lies with those who control the various parts of the city, the statement added.

Mr. Butros Ghali said he would "not be deterred by this crime" from sending more security personnel to Mogadishu, as recommended by the Security Council, which late Friday called for the dispatch of 3,000 more troops. This would be in addition to the 500 Pakistani soldiers due in the Somali capital soon to bolster the UN presence.

Nguyen Thi Dinh, A Party Leader In Vietnam, Dies

New York Times Service

Nguyen Thi Dinh, 72, a leading figure in the Vietnamese Communist struggle against the French colonial government and in the war with the United States more than a decade later, died Wednesday of undisclosed causes in Ho Chi Minh City.

Vietnamese officials were quoted as having called Mrs. Dinh the outstanding woman in Vietnam's modern history. In 1987 she became one of six vice presidents of the Council of State, a sort of collective presidency. She was a former member of the Central Committee of the Vietnamese Communist Party.

In the 1960s, Mrs. Dinh emerged as the senior woman within the Vietcong insurgency against the South Vietnamese government. She was a member of the presidium of the National Liberation Front, the political wing of the Vietcong.

The Soviet and Chinese press identified her as deputy commander of the Vietcong guerrillas in 1965, at a time of large-scale U.S. entry into the war. She simultaneously headed the Women's Liberation Association, an organization with village cells in areas controlled by the Vietcong.

WORLD BRIEFS

Last Russian Diplomats Leave Kabul

KABUL (Combined Dispatches) — The last Russian diplomats pulled out of this war-battered capital over the weekend, closing the books on a decade of involvement that Afghanistan's new leaders seem unable to forgive or forget.

About 50 Russian staff members and their families slipped out in a Russian transport plane and arrived in Moscow late Saturday, the Itar-Tass press agency reported. They were met by Foreign Minister Andrei V. Kozyrev, who praised their "courage." An embassy spokesman said: "We wanted to stay. Moscow told us we had to leave."

On Sunday, Kabul residents filled the bazaars on the first day of a cease-fire after being trapped in their homes for 20 days. A cease-fire to end fighting between troops loyal to the government and fighters of the dissident Islamic Party took effect at noon Saturday. *(AP, Reuters)*

5 Ethiopian Hijackers Yield in Rome

ROME (AP) — Five Ethiopians who commandeered an Ethiopian Airlines Boeing 727 to flee their country surrendered peacefully here Sunday when assured that Italy would not send them home to face the death penalty.

The hijackers released 79 passengers in Djibouti, the first stop in an odyssey that began Friday night soon after takeoff from Addis Ababa. The plane landed at Yemen and Cairo before it landed in Rome. Carmelo Caruso, an Interior Ministry official, said the hijackers, including a passenger who apparently joined the group in Djibouti, said they were victims of political persecution and requested asylum. "If what they told us is true, they will be granted asylum," Mr. Caruso said.

However, Giorgio Castellucci, the investigating magistrate leading the investigation, said the request for asylum would be handled separately from a trial. He said that even if granted asylum, the five would be tried on hijacking and weapons charges.

Collor Says He Won't Step Aside

BRASILIA (Reuters) — President Fernando Collor de Mello on Sunday rejected corruption charges against him and said he would not step down until Congress approved his program of economic reform. Mr. Collor has been under increasing pressure to resign since a congressional panel determined that he had profited from a corruption scheme.

Many business and political leaders contend that Mr. Collor has lost the moral authority to run the government. They say he would do himself and the country a service by stepping down now, rather than subjecting Brazilians to a prolonged impeachment process.

Mr. Collor, elected in 1989, needs the votes of at least a third of the members of the lower house to block an impeachment proposal scheduled to be delivered to Congress on Tuesday.

11 Tunisia Islamists Get Life Terms

TUNIS (Reuters) — A military court sentenced 11 people to life imprisonment Sunday in a trial of Islamic fundamentalists accused of plotting to overthrow the government of President Zine Abidine ben Ali. Most of the 108 accused were given jail terms of 1 to 20 years. Five were acquitted.

The verdicts were the second set handed down in a 50-day double trial of 279 defendants. Two courts, sitting in tandem at barracks near the capital, imposed a total of 46 life sentences. Prosecution demands for 28 death penalties were rejected.

TRAVEL UPDATE

New York City is installing a $100 million system of sensors under its roadways to enable officials to monitor congestion, identify trouble spots and control traffic flow by quickly changing the duration of red lights. The first phase is to begin operating next summer in Manhattan. *(NYT)*

The $100 fee that tourists pay to see the Angkor temple complex is to be lowered, according to an official of Cambodia's Ministry of Culture. He said the government hoped to implement a per-temple charge that could be as low as $8 for the central Angkor Wat. *(AFP)*

Lisbon airport's baggage handlers stopped most work Sunday during one of the year's busiest weekends to protest low wages and poor work schedules. Baggage was still being loaded and unloaded from planes, but it was not being delivered to the claim areas in the terminal. *(Reuters)*

Traffic at Algiers airport returned to normal over the weekend after a bomb killed 9 people and devastated the terminal Wednesday, the airport authority said. The United States, meanwhile, warned its citizens not to travel to Algeria. *(Reuters)*

The French Riviera was hit by violent rainstorms over the weekend, with winds gusting up to 150 kilometers per hour (about 90 miles per hour) and flash flooding reported throughout the parched region. One person was drowned and dozens were injured. *(AP)*

Determined London revelers braved squally showers Sunday to open the 27th Notting Hill carnival. The police expected about 2 million people at this year's carnival, but attendance will be far short of this unless the weather improves for the second day on Monday. *(Reuters)*

A bomb at the annual festival in Hannover, Germany, that wounded 16 people led the authorities to cut short the gathering, including Sunday's festivities. The police said the explosion was caused by a device hidden in a trash can. No one had claimed responsibility for the attack. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Afghanistan, Britain, Gibraltar, Hong Kong, Macao, Malaysia.
TUESDAY: Central African Republic, Libya, Syria.
WEDNESDAY: Vietnam.
THURSDAY: Monaco, Qatar, San Marino, Vietnam.
SUNDAY: Pakistan.
Sources: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday



North America
Delightful weather is in store from Boston to Washington, D.C., Tuesday and Wednesday with sunshine and comfortable temperatures. Chicago to Toronto will also have sunshine Tuesday, but thunderstorms are possible Wednesday.

Europe
Windswept rains will sweep through London and Amsterdam Tuesday, then into Hamburg and Frankfurt Tuesday night into Wednesday. Paris will also have a few showers Tuesday, but Wednesday will be partly sunny. Madrid will have sunshine.

Asia
Showers will trim the heat in Korea late Tuesday or Wednesday. Japan will remain oppressively hot with little rain through at least midweek, but a heat wave in Hong Kong should ease. Tropical downpours will wet Manila and Singapore from time to time.

Europe

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low Wx C/F
Algarve	28/82	16/61 s	28/82	17/62 pc
Amsterdam	20/68	15/59 sh	17/62	13/55 sh
Ankara	31/88	14/57 s	31/88	17/62 pc
Athens	33/91	23/73 s	34/93	23/73 s
Barcelona	28/79	17/62 c	27/80	14/57 s
Belgrade	32/89	19/66 t	33/91	14/57 t
Berlin	21/70	10/50 t	18/61	13/55 r
Brussels	19/66	14/57 sh	18/61	13/55 sh
Budapest	25/77	12/53 t	25/77	15/59 sh
Copenhagen	17/62	12/53 sh	18/61	11/52 sh
Costa Del Sol	30/86	20/68 s	29/84	18/64 pc
Dublin	14/57	10/50 sh	13/55	10/50 sh
Edinburgh	16/61	10/50 sh	14/57	9/48 r
Florence	30/86	16/61 pc	27/80	16/61 t
Frankfurt	20/68	12/53 t	20/68	13/55 sh
Geneva	19/66	11/52 t	19/66	12/53 sh
Helsinki	22/71	9/48 s	23/73	13/55 pc
Istanbul	29/84	18/64 s	31/88	19/66 s
Las Palmas	28/82	18/64 pc	28/82	19/66 s
Lisbon	28/79	17/62 c	27/80	15/59 pc
London	17/62	11/52 sh	18/61	11/52 sh
Madrid	27/80	13/55 c	28/82	14/57 pc
Milan	25/77	13/55 t	24/75	12/53 sh
Moscow	26/82	14/57 s	27/80	14/57 pc
Munich	19/66	8/46 t	19/66	13/55 r
Nice	28/79	14/57 t	26/79	14/57 c
Oslo	15/59	10/50 r	15/59	10/50 r
Paris	21/70	13/55 sh	17/62	12/53 sh
Prague	24/75	10/50 t	22/71	10/50 sh
Reykjavik	12/53	6/43 c	9/48	4/39 c
Rome	30/86	17/62 pc	28/82	17/62 t
St. Petersburg	21/70	9/48 s	23/73	13/55 pc
Stockholm	21/70	13/55 sh	20/68	14/57 sh
Strasbourg	19/66	13/55 t	18/64	14/57 sh
Tallinn	22/71	10/50 s	23/73	13/55 pc
Venice	25/77	13/55 t	24/75	13/55 sh
Vienna	22/71	10/50 t	21/70	13/55 sh
Warsaw	28/82	16/61 t	23/73	14/57 sh
Zurich	22/71	14/57 t	20/68	14/57 sh

Middle East

Beirut	29/84	23/73 s	32/89	24/75 s
Cairo	34/93	22/71 s	34/93	21/70 s
Damascus	28/82	17/62 s	31/88	18/64 s
Jerusalem	32/89	20/68 s	32/89	20/68 s
Riyadh	41/106	27/80 s	43/109	28/82 s

Oceania

Auckland	14/57	7/44 c	11/52	6/43 r
Sydney	17/62	10/50 c	19/66	12/53 pc

Asia

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low Wx C/F
Bangkok	32/89	25/79 sh	32/89	24/75 c
Beijing	28/82	18/64 pc	31/88	21/70 pc
Hong Kong	31/88	27/80 r	32/89	26/82 pc
Manila	30/86	25/77 sh	31/88	25/77 pc
New Delhi	33/91	27/80 t	32/89	25/77 t
Seoul	30/86	21/70 pc	31/88	23/73 sh
Shanghai	27/80	22/73 t	28/82	23/73 sh
Singapore	32/89	26/79 sh	33/91	24/75 pc
Taipei	31/88	26/82 r	31/88	27/80 sh
Tokyo	32/89	24/75 pc	32/89	25/77 pc

Africa

Algiers	31/88	17/62 t	29/84	18/61 pc
Cape Town	24/75	16/61 pc	20/68	14/57 c
Casablanca	24/75	21/70 s	27/80	19/66 pc
Harare	24/75	10/50 pc	22/71	9/48 pc
Lagos	28/82	24/75 pc	29/84	22/71 pc
Nairobi	21/70	9/48 pc	19/66	12/53 c
Tunis	33/91	21/70 pc	35/95	17/62 s

Latin America

Buenos Aires	17/62	11/52 sh	18/64	13/55 pc
Caracas	29/84	17/62 pc	28/82	19/66 pc
Lima	18/64	13/55 c	18/64	15/59 c
Mexico City	24/75	12/53 pc	22/71	11/52 sh
Rio de Janeiro	23/73	18/64 c	27/80	17/62 pc
Santiago	12/53	4/39 sh	14/57	3/37 pc

North America

Anchorage	16/61	9/48 c	14/57	9/48 pc
Atlanta	31/88	20/68 pc	30/86	20/68 pc
Boston	29/84	17/62 pc	27/80	16/61 t
Chicago	24/75	12/53 pc	24/75	15/59 t
Denver	27/80	11/52 t	26/79	11/52 t
Detroit	22/71	11/52 pc	24/75	14/57 s
Honolulu	31/88	23/73 s	30/86	23/73 pc
Houston	33/91	22/71 pc	33/91	22/71 s
Los Angeles	28/79	17/62 pc	28/79	17/62 pc
Miami	33/91	25/77 pc	33/91	25/77 pc
Minneapolis	22/71	12/53 pc	23/73	12/53 pc
Montreal	21/70	10/50 sh	21/70	10/50 pc
Nassau	31/88	24/75 t	32/89	26/79 pc
New York	29/84	19/66 pc	28/82	18/64 s
Phoenix	37/98	23/73 s	37/98	24/75 s
San Fran.	21/70	13/55 pc	21/70	13/55 pc
Seattle	20/68	13/55 c	22/71	12/53 pc
Toronto	21/70	12/53 sh	21/70	9/48 pc
Washington	31/88	18/64 pc	28/82	18/64 s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, Wx-Weather. All maps, forecasts and data provided by Accu-Weather, Inc. © 1992

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CAMPAIGN '92 / QUEST FOR AN OFFENSIVE

ELECTION NOTES

Churchmen Assail Republicans' Use of God

WASHINGTON — In a written rebuke to President George Bush and the Republican Party, nearly two dozen church leaders criticized the "blasphemy" of invoking God's name in a partisan way in a political campaign.

"We need to be very clear that God belongs to no one side, for we believe we all belong to God," the 23 leaders wrote in a letter sent to the White House and party headquarters.

The signers included Presiding Bishop Edmond Browning, the head of the Episcopal Church, Mr. Bush's denomination, as well as top officers of the National Council of Churches, an umbrella organization representing mainline denominations.

"We believe it is blasphemy to invoke the infinite and holy God to assert the moral superiority of one people over another, or one political party over another," the letter read.

In his acceptance speech at the Republican convention in Houston, Mr. Bush invoked the name of the Lord four times.

(NYT)

Clinton Is Ready to Open the Airwave Front

LITTLE ROCK, Arkansas — It looks like the Democratic presidential nominee, Bill Clinton, will fire the first shot in the general election's television advertising war, technically at least.

Clinton aides say the Arkansas governor plans to air some new ads soon, probably beginning Monday. The Clinton ads might be joined soon on the airwaves by generic ads promoting the Democratic Party and all of its candidates. *(AP)*

Quote-Unquote

Bill Clinton, on the progress of Arkansas during his tenure as governor: "We've had a plan, not just a bunch of hot air." *(AP)*

Away From the Hustings

- **A tornado ripped** through homes and other buildings in the central Wisconsin city of Wantoma, killing 2 people and injuring about 30, 4 critically, the authorities said.
- **The California Assembly passed** and sent to the governor a budget that would slash aid to the poor, local governments and public schools, but would resolve a fiscal crisis that has lingered for two months.
- **The Pentagon and federal prison officials** are close to an agreement to convert Fort Dix, the sprawling army base in central New Jersey that has been stripped of its duty as a training center, into the largest prison in the federal system. The plan calls for five empty barracks to be converted, by early 1994, to a low security prison complex for 3,200 drug offenders and white-collar criminals.
- **A small earthquake measuring** 3.4 on the open-ended Richter scale and centered near central Los Angeles shook buildings, but there were no reports of damage or injuries.
- **A judge delayed until Sept. 8** primary elections that had been scheduled for Tuesday in Dade County, the part of South Florida hardest hit by the hurricane last week.
- **A 35-year-old man who received a baboon liver transplant** has developed an infection, and doctors describe his condition as serious, a University of Pittsburgh Medical Center spokeswoman said.
- **The rate of violent crimes by juveniles** increased more than 25 percent in the last decade, the FBI said in its annual report on crime. The agency also said that violent crimes by people of all ages reached a record high last year of 758 for each 100,000 inhabitants. That was up 4 percent since 1990, 24 percent since 1987 and 33 percent since 1982.
- **President George Bush authorized** federal disaster-relief funds for two counties in central and northern California that have been ravaged by forest fires.

AP, NYT, Reuters

To Seize the Initiative, Clinton May Have to Get Off the Bus

By Dan Balz
Washington Post Service

LITTLE ROCK, Arkansas — Bill Clinton's presidential campaign has developed a well-earned reputation for quick and ferocious responses to attacks from George Bush, but the Democratic nominee and his aides have not yet found a way simultaneously to seize the offensive against the president.

That became clearer as Mr. Clinton rolled through Central and East Texas last week on his fourth bus tour with his running mate, Senator Al Gore of Tennessee. Drawing large and supportive crowds, Mr. Clinton hammered at the themes of economic recovery and restoring a "we can" spirit in an effort to snatch from the Republicans the tone of buoyant optimism that marked Ronald Reagan's campaigns.

But there is a downside to the enthusiasm that Mr. Clinton generates in small towns and crossroads hamlets. Locked up in his bus, often running hours behind schedule, the candidate and his campaign have struggled to put a fresh face on the Democrats' message of change.

As he has toured from town to town, his campaign headquarters in Little Rock has been churning out responses to a series of attacks launched by Mr. Bush and Vice President Dan Quayle. But aides expressed frustration that while they have mastered the technique of quick response, that skill and repeated bus trips may not be enough to win.

NEWS ANALYSIS

"If we're still doing this after Labor Day, we're in trouble," one aide said. The Labor Day holiday is Sept. 7.

Senior campaign officials, while upbeat about the impact of the bus trips, said they are working to retool their offense as quickly as possible, and he predicted changes soon.

"We're starting this week," one official said when asked how soon the candidate could be expected to take the initiative.

Clinton advisers acknowledged that the Bush campaign is shrewdly going into key states, such as Michigan, Oregon and Missouri, with specific attacks on issues that are important to voters there.

In Michigan, Mr. Bush attacked his rival on fuel-efficiency standards and in Missouri on free trade; in Oregon, the Clinton camp expects the Republicans to attack its environmental position.

While Mr. Clinton remains focused on his criticism of Mr. Bush's stewardship of the economy and his promise to bring change to Washington, much of what he is saying has been repeated hundreds of times in the past nine months.

Aides here are looking for new and vivid ways to illustrate Mr. Bush's record and to heighten the differences between Mr. Clinton's proposals for the economy and what Mr. Bush offered the American people in his acceptance speech in Houston.

"Bush will have to live with the consequences of his acceptance speech," said George Stephanopoulos, Mr. Clinton's communications director.

Despite the desire to sharpen the Clinton message, aides said they do not underestimate the longer-term value of the bus trips, which have become a trademark of the Democratic campaign this year. The Clinton campaign has turned politics into show business, and it is selling well as summer entertainment in small-town America. Last week in Texas, thousands of people turned out in such places as Waco, Tyler and Corsicana, often waiting more than two hours for the convoy of buses, vans and police cars to arrive.

Mr. Bush calls the Democratic nominee a "fearmonger," but Mr. Clinton sells nothing so much as hope and optimism; telling audiences to "have the courage to make America young."

Although Mr. Clinton recounts stories to illustrate the nation's economic problems, he presents himself and Mr. Gore as hopeful and upbeat, in contrast to past Democratic candidates and to what he calls the "we-can't" Republicans.

The Democratic campaign is continuing to assess the value of the bus trips, hoping to find a way to maintain the enthusiasm they generate in the states where they take place while assuring that Mr. Clinton also keeps Mr. Bush on the defensive as much as the president and the new White House team, led by James A. Baker 3d, seem determined to do to the Democrats.

Gore Says Republicans Offer 'False Choice' on Environment

Compiled by Our Staff From Dispatches

WASHINGTON — Senator Al Gore, put on the defensive by Vice President Dan Quayle's attacks on his environmental stands as "bizarre," fought back Sunday, saying that the Republicans offered a "false choice between jobs and the environment."

In separate television interviews, Mr. Quayle and Mr. Gore, the Democratic vice presidential nominee, hammered at taxes, the environment and the economy.

Mr. Quayle, in a swing through Michigan last week, had attacked what he called Mr. Gore's "hysterical" environmental views and said the Democrats could cost hundreds of thousands of autoworkers their jobs by pushing for higher auto fuel efficiency standards.

Mr. Quayle cited statements in a 1991 book Mr. Gore wrote that referred to cars as a "mortal threat" that should be phased out.

"It's all pretty bizarre stuff," Mr. Quayle said.

Mr. Gore said Sunday that such attacks on his environmental record were not unexpected. "Bush and Quayle have described the leaders of most every other country in the world as environmental hysterics or extremists," he said.

The Republicans, he said, "keep posing this false choice between jobs and the environment at a time when Japan and Germany are openly saying that the biggest new market in the history of world business is the market for the new products and processes that foster progress without environmental destruction."

Mr. Quayle, in his television interview, defended the administration's response to the Southern hurricane last week and attacked the tax proposals of Governor Bill Clinton, the Democratic presidential nominee.

"Bill Clinton feels that you create more jobs by raising taxes," Mr. Quayle said. "The president thinks you create more jobs by cutting taxes."

The appearances came as a new poll showed that of the two vice presidential candidates, voters had a far more favorable impression of Mr. Gore.

In a Time magazine-CNN poll of 836 voters, issued Saturday, 52 percent said they had a favorable impression of Mr. Gore, compared with 36 percent for Mr. Quayle. The poll's margin of error is plus or minus three percentage points.

The poll also found that 46 percent of likely voters said they would vote for Mr. Clinton if the election were held today, and 40 percent favored Mr. Bush.

Mr. Gore had also defended his record at a campaign stop in Detroit on Saturday, appearing before a cheering crowd at the state Democratic convention in Detroit.

He said that Mr. Bush and Mr. Quayle "want you to believe that they are good for the automobile industry" but that the only thing they want to talk about is fuel-efficiency.

He said the Republicans were "attempting to create a diversion to try to get people not to think about what has really happened."

"I want to tell you I do favor better fuel efficiency and, yes, I favor 40 miles per gallon and, yes, I believe there is a serious worldwide environmental crisis," Mr. Gore said.

But, he added: "how dare Bush and Quayle come into Michigan and talk about jobs in the automobile industry when they have presided over the worst destruction of jobs in the auto industry in the entire history of this nation."

Mr. Gore accused the Republicans of double-speak on the issue because the deputy campaign manager for Mr. Bush, James Lake, is a registered lobbyist for Japanese auto parts manufacturers. He said Mr. Lake should stop being paid by the Japanese manufacturers or resign from the campaign.

On Saturday, Mr. Quayle used a visit to the Little League World Series in Williamsport, Pennsylvania, to push "family values."

Mr. Quayle's wife, Marilyn, talked about health care issues and said she was angry that Mr. Clinton had told the Democratic National Convention in New York he was going to put women's health on "the front burner."

"Well, Mr. Clinton, I've got news for you, President Bush already has," she said. *(AP, LAT)*



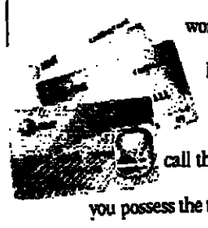
Eugene Garcia/Agence France-Presse

Mr. Clinton greeting Arkansans in Little Rock at the state's Democratic convention.



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OPINION

Human Rights in China

Whether the issue is intellectual property rights or intellectuals jailed for their beliefs, the same facts apply. The United States has vast trade leverage with China and can use it to induce better Chinese behavior. The Bush administration now threatens China with sweeping tariff penalties for trade infractions. But at the same time, indifferent to the obvious contradiction, it insists that linking tariff penalties to human rights would jeopardize reform and hurt the wrong Chinese. The administration cannot, honorably, have things both ways.

U.S. trade negotiators are right to warn Beijing that "we cannot let a country with this level of trade play by its own rules." Among the infractions cited are outright bans and quotas, discriminatory licensing requirements and failure to publish relevant laws and regulations. The Bush administration has given China until Oct. 10 to open its markets or face 100 percent tariffs on $4 billion of U.S. imports, including shoes, silks, luggage and electronic goods.

The express goal of this ultimatum is not to stop trade but to push Beijing into timely concessions. Last year, similar U.S. pressure worked; China agreed to respect intellectual property rights like patents and copyrights. Why does the administration find such pressure unacceptable when directed at political prisoners, respect for human rights conventions and honoring arms agreements?

A bill overwhelmingly passed by the House and now pending in the Senate would make China's access to low tariffs conditional on "significant progress" in these areas. Noncompliance would bring tariff increases only for products of state industry, sensibly shielding the budding entrepreneurial sector. Incredibly, the administration threatens to veto this bill on principle. What principle? The only difference between the trade ultimatum and the human rights legislation is which goals the United States hopes to achieve. In fact, many see the administration's trade stance as designed to draw Senate votes away from the human rights bill by flaunting toughness on economic issues.

Under normal circumstances, trade legislation should not be a vehicle for routine political concerns. But China is already in a special statutory category because of its Communist system and emigration restrictions. Gross violations of international rights standards are not routine politics.

The sad truth seems to be that the Bush administration is prepared to lean hard on China where dollars and cents are concerned, but that on human rights it doesn't care enough to try.

— THE NEW YORK TIMES.

Make the Talks Work

Israel's Self-Interest

A first week of direct talks between Israel's new forward-looking Labor government and its Arab neighbors quickly brought the parties — the Palestinians, anyway — to the core Mideast dispute over Palestinian statehood. Or to one core Mideast dispute — the other is over Israel's place and permanence in the region. In Washington last week, Israelis proposed Palestinian self-rule, in the occupied West Bank and Gaza, in the much improved but still crimped form of an elected administrative council that would exercise powers ceded by Israel. Palestinians proposed self-rule, throughout the occupied territories, including Jerusalem, in the far more fundamental form of an elected legislature that would itself be a "source of national authority."

Ordinarily, you would praise the parties to a dispute for meeting it head-on. But in these talks success depends on muffling and delaying a direct address to this core issue. Moving swiftly toward Palestinian statehood will capsize the talks. Labor won the recent elections by agreeing to open up the West Bank to the halfway house of Palestinian self-rule. The particular shape of self-rule is what the current negotiations must figure out. There is no consensus in Israel on the next stage, and no government could now go further.

The Palestinians know it, but they have imperatives of their own. Much of diplomacy involves getting the other party, and especially the influential onlookers, to accept your political imperatives as the worthier or at least the more pressing. In fact, the politics on both sides must be addressed.

For the Israelis the coin is time. They are scared — with reason, given the history — that premature concessions will reduce their security and national viability. Therefore they put off the question of the final status of the West Bank, but promise to take it up in just a few years. Meanwhile, they invite Palestinians to make the essential demonstration, by their conduct, that they mean to be good neighbors. The prospect of final-status talks, which has the weight of the United States behind it, represents the best opening for statehood the Palestinians have ever had. They would be wildly irresponsible to lose it.

The Palestinian leadership can be forgiven, however, for thinking that what they are being offered is, despite its glow in the future, pretty thin and conditional in the here and now — and hard to sell politically. It is in the Israelis' self-interest to sweeten their offer as the negotiations go along. This means spelling out the proposal for an administrative council and starting to pare away the immense structure of legal as well as physical controls imposed in 25 years of occupation. This is how to make the negotiation work.

— THE WASHINGTON POST.

Phase Out the Boycott

The difference in mood since Yitzhak Rabin replaced Yitzhak Shamir as Israel's prime minister is almost scriptural — the difference between the harsh thundering of Jeremiah and the more generous vision of Isaiah. Granted, the Middle East peace talks that resumed last week in Washington have barely touched hard substance. But for the first time, plowshares and pruning hooks can be mentioned without seeming fatuous. Indeed, "for the first time" echoes through the news.

Israeli negotiators now hold briefing sessions in Arabic for Arab journalists covering the talks — for the first time. Israel says — for the first time — that it considers the Golan Heights to be covered by a United Nations resolution calling for return of captured territory in exchange for peace.

Even hard-line Syrians praise the "very different tone" of Israeli negotiators, which is why the new round of peace talks in Washington will go on beyond the usual perfunctory few days.

What is conspicuously missing is — for the first time since Anwar Sadat went to Jerusalem in 1977 — a generous response from the Arab side. Arab adversaries welcome Israeli gestures like last week's revocation of expulsion orders against 11 Palestinians. But Arab leaders have not even begun to reciprocate. Some seem almost annoyed at what they dismiss as public relations. This misses some very big points.

Furious Israeli settlers surely do not consider Mr. Rabin's initiatives merely cosmetic. And Mr. Shamir, horrified by the rescinding of expulsion orders, said: "The signal is clear. This is a government that favors Arab interests and harms Jewish interests." Mr. Rabin can discount such outrage from a defeated foe, but he deserves a wiser response from Arab opponents. In diplomacy, trust begets trust, and without rudimentary civility no bargaining is possible.

Hanan Ashrawi, the spokeswoman for the Palestinian negotiators, alertly notes that the new government's very language has changed. Israeli negotiators — for the first time — refer to "Palestinians," and not to "Arabs of the Land of Israel" or "Palestinian Arabs." But such recognition is a two-way process. Although Syria's diplomats may praise their Israeli counterparts, the controlled Syrian press still refers sneeringly to Israel as a "Zionist entity."

Far more important, the Arabs manifest their implacable hostility by their 46-year boycott against Israel. Under guidelines of the Arab League Boycott Office, operating in Damascus, Arabs may sell nonstrategic goods to Israel but must buy nothing in return. All Arab states are supposed to boycott any companies that do business in Israel or buy Israeli goods. By conservative estimate, the embargo has cost Israel $16 billion in investment. Export losses are said to exceed $1 billion a year.

For two generations, the boycott has stunted the economy of the whole region. Israel, with its swelling corps of former Soviet doctors and engineers, could help heal and build, hastening the day when swords truly give way to plowshares.

Not long ago, Egypt dared propose an end to the boycott in return for a freeze on Israeli settlements in the occupied territories; Saudi Arabia cautiously seconded the idea. No deal, Mr. Shamir said. Now a new Israeli government has instituted a partial settlement freeze. Arab states could reciprocate that advance by partially lifting the boycott. And if they went on to end it altogether, they would astonish their critics and accelerate the search for a lasting peace. Are there leaders on the Arab side with vision and courage equal to this promising occasion?

— THE NEW YORK TIMES.

Other Comment

Reform the Security Council

The council is an anachronism. Its five permanent members are the victors of the Second World War. America, Britain and France dominate decision-making; Russia is out of things and China intent on its own affairs. This is an absurdity that cannot last. Japan, for one, has made it plain that it expects to be welcomed to the top table when the United Nations celebrates its 50th anniversary in 1995. Germany, less pushy, has let it be known that it is on Japan's heels. The developing world, uncomfortable at having to accept China as its representative, presses its own claims. One neat solution would be to keep the overall numbers as they are but to replace France and Britain with Japan and the European Community. Germany would accept this if the EC could get its act together. France may be prepared to think about it. Britain is adamantly against the idea. By their size and/or geography, India, Nigeria (or possibly Egypt) and Brazil are high in the queue for permanent seats.

— The Economist (London).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

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Chairman from 1958 to 1982: John Hay Whitney

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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ISSN: 0294-8052.

Classic Appeasement: Who Cares About Bosnia?

By George D. Kenney

The writer resigned in protest last week from the State Department, where he was acting chief of Yugoslav affairs.

WASHINGTON — The American approach to the Yugoslav crisis is classic appeasement. From the first signs of the breakup of the former Yugoslavia last year, the administration has repeatedly made it clear that the United States would not intervene militarily to control the conflict. This gave the green light to Serbia's thuggish leaders to implement their plans for a greater, ethnically pure Serbia.

Their method: genocide. The U.S. reaction: feckless diplomatic negotiations.

Why? Senior administration officials cite the dangers of greater U.S. involvement — military involvement — in the Yugoslav conflict. Vietnam. Beirut. We are told that the Serbs are great fighters. In World War II, they held the German army at bay. In short, military force is not an option. Instead we will use diplomatic, economic and political pressure. Why these should work without the credible threat or use of force is never explained.

But the argument of a potential quagmire is just a smoke screen. It is cold political calculus that explains why the administration does not want to exercise U.S. leadership in this crisis, does not want to contemplate any significant use of American and Western military force and does not even want to face the fact of genocide. The administration, I believe, made a basic decision at the highest levels that politically it has more to gain from not getting involved in a very messy foreign conflict where it cannot count on an easy or quick solution but risks getting the blame for failure.

On another level, I believe that the administration, all its rhetoric to the contrary, simply does not care about Bosnia.

Would U.S. military involvement lead to a quagmire? Unless we were extraordinarily inept in our deployment of force, I doubt it. Although I am not a military expert, I believe that the Serbian forces in Bosnia are poorly disciplined, loosely organized and to a large extent nothing more than wild young men who have gone on a mass killing spree. These are the disgruntled who have no stake in what was normal society in Bosnia or in Serbia. But they have the guns and, for now, face only weak opposition. I am convinced that they would not stand up to a strong attack.

We do not have to take the ground and hold it. That is the Bosnian government's problem. But we could undertake a number of limited military actions that would greatly support the Bosnian government in its effort to reclaim its territory.

First, an air cap over Bosnia. Serbian aircraft are repeatedly reported to be using napalm and cluster bombs on Bosnian towns (reports that I believe are true). Would an air cap be terribly costly to the West? No.

Second, a threat to destroy Serbian artillery positions if Serbian forces continue their shelling of besieged Bosnian towns. I am certain that they would not comply and just as certain that we could significantly reduce the ferocious and indiscriminate shelling without any deployment of U.S. and allied ground forces. Costly? We could expect to lose some pilots and aircraft.

Third, the interdiction of any and all military supplies flowing from Serbia and Montenegro to Serbian forces in Bosnia. This, combined with the threat to destroy Serbian logistical facilities in Serbia and Montenegro, could stop much of the matériel going to the Serbian forces in Bosnia — and bring home to Belgrade the cost of its aggression.

Fourth, arm and train the Bosnians. We armed the Afghan resistance, and we had not even recognized them as a government much less established diplomatic relations. The only difference there was the Soviet threat. Is that such a difference? It makes no sense to maintain a UN arms embargo against the whole region when we only hurt the very group of people we say we want to help.

I strongly believe that the Bosnian government has the right to self-defense. I would remind policymakers that if the Bosnian government falls, if Serbian forces complete their conquest, the problem will not go away. It will get worse. Several million Bosnian Muslims will quite righteously be enraged. They will become radicalized. The region will remain in turmoil. I would also remind policymakers that the war in Croatia subsided only when the forces on each side came into rough balance.

In my judgment, the Serbian forces in Bosnia are overextended. A combination of strong American and Western air strikes, air cover and armed Bosnians will largely push back Serbian gains.

Perhaps not all of this will work. But none of it comes at a prohibitively high cost, nor even a very great cost. Certainly, we would experiment with different strategies, try more of what works, less of what doesn't.

One thing, though, remains certain: Such an approach would not yield the result that the administration really wants — a quick, clear-cut victory and its consequent political boost.

What galls me the most about the administration's handling of the crisis is that it does not really want to know the facts of the horror in Bosnia, because the more we know, the greater the public pressure to act. For months, I found little interest in the State Department to know more about starvation, about Serbian shelling, about "ethnic cleansing," about all the things that amount to genocide.

We must lay a solid groundwork for future war crimes trials. The perpetrators of these crimes must know that they will be individually punished. The administration has supported cycle after cycle of fruitless negotiations. It has tried to maintain an artificial balance in attributing blame to all sides — especially in pushing the Bosnian government to sit at a negotiating table with those who should be tried for war crimes. But the Serbs only give empty promises; they continue to create a greater Serbia through genocide.

What's next? Kosovo? Macedonia? Rationalizing this appeasement is wrong. It is time for a different approach.

The Washington Post.

If Only the Disappearing Bosnians Were Whales

By Meir Shalev

JERUSALEM — Wherever I go I always visit the zoo. That is where I get my preconceived notions about the human race.

Not long ago I visited a marine zoo, the aquarium of Baltimore. The place was lavish and attractive, full of sharks, octopuses, eels and many other fish and varieties of marine life that I did not recognize at first, since they look so different on the grill.

The aquarium's planners had obviously realized that a few of the exhibits would whet appetites, for despite the adage "No talking of charcoal in the sheep pen," here and there they had placed mouth-watering gastronomic descriptions of seafoods.

Unlike sea bass and flounder, swordfish and lobster, there are some sea creatures whose flesh Americans refuse to consider edible. In the United States, quoting the recipe for whale steak from "Moby Dick" is like offering ham braised in butter to a Jew on Yom Kippur.

A proud Baltimorean, her mouth stuffed with clams, told me of a whale that had drifted too close to shore. It was immediately fished out, resuscitated and flown — at taxpayers' expense — to the Baltimore Aquarium, where it underwent extensive medical treatment, including psychological rehabilitation.

Anyone who remembers the whale stuck off Alaska a few years back that had to be freed by an icebreaker and several million dollars will find it difficult to shake the feeling that whales have simply learned to know a sucker when they see one.

My visit to the aquarium ended with the dolphin pool. The trainers talked to us about the social lives of marine mammals (most complex), about their emotional virtues (they are full of love) and especially about their astonishing intelligence. The brain of the dolphin, for those who don't yet know it, is larger, more complex and deeper than the Silly Putty found in the human cranium.

Indeed, while we stupid land mammals sat in the bleachers munching popcorn, these gifted marine mammals were performing complex somersaults in midair.

Then we were told that dolphins have highly sophisticated "communications systems." As proof, one of them let out a few shrill shrieks for a reward of two mackerel. (The mackerel, as we all know, is not a marine mammal but a fish, and may therefore be eaten.)

We next heard a diatribe against the cruel Japanese tuna fishermen who trap and kill innocent dolphins in their nets. We released a collective moan. It seems that the dolphins have better PR people than the tuna. No one asked why it's O.K. to kill tuna.

At the end of my visit I made a donation to save the dugong and the rain forests and then hurried back to my host's house to watch a movie about the large primates of Africa on the Discovery Channel.

It was nice. Especially the end. As a gorilla vanished into the bush, the narrator said, "We have to make this world a better place for the mountain gorilla."

Then he, too, vanished, never realizing that with these words he had articulated the solution to the problem of U.S. intervention in Bosnia. It would, after all, be a bit difficult to convince the public that the Bosnians are marine mammals. But if it were possible to convince them that they are a land species in danger of extinction — a fact not far from the truth — then it might be possible to make this world a better place for the Bosnians, too.

News reports haven't helped the Bosnians. (Or the Somalis.) Americans have no energy for yet more images of murder, suffering and torture. If I were the Bosnians' leader I would kick all the news teams out of Sarajevo and invite the guys from "Survival!" to make a nature film about my people.

A documentary about the domestic habits of the Bosnians, their mating dances, territorial marking practices, the way they hollow out their lairs, would do the trick.

For a conclusion the narrator could read: "Only a short time ago, millions of Bosnians grazed the mountainsides of Yugoslavia. Now only a scant few remain. We have to make this world a better place for the Bosnians."

Then, and only then, would the world awaken.

The writer is author of the novel "The Blue Mountain." This article, from the Tel Aviv newspaper Yedioth Aharonoth, was translated from the Hebrew by Marsha Weinstein for The New York Times.

Perot Tells the Parties: Listen to the Angry American People

By Ross Perot

The writer called off his independent campaign for the presidency in July, but his supporters are working to get his name on the ballot in all 50 states.

DALLAS — The most frequently repeated statement by good, hardworking people since the Democratic and Republican conventions has been, "How stupid do they think we are?" Both parties act as if they bear no responsibility for the $4 trillion debt that burdens our country. But the world financial markets told the story, as the dollar dropped to new lows against the German mark after the Republican convention.

A computer engineer summed it up: "We can't be a superpower unless we are first an economic superpower — just look at Russia."

Sam Walton became America's richest man by standing in the aisles, listening to his customers and taking swift action to meet their needs and desires. Unfortunately, the parties have lost touch with the American people. Neither party has a Walton.

They spend so much time listening to the special interests — from the foreign lobbyists to the tobacco industry — that give them the huge amounts of money needed for their campaigns that they can't hear taxpaying citizens.

An interesting thing happened this year. Five and a half million people, who feel they have no voice in the country they own, joined together in a petition signing process to put me on the ballot.

Even after I announced that we could best solve the country's problems if one or both of the political parties would squarely face the issues and deal with them, the people continued getting petitions signed and have now formed a national organization, United We Stand America. The process has been completed in 48 states and should be successfully completed in all 50.

Their goal is to influence every congressional race, as well as the presidential race, and they are active in every state. At their request, I am actively supporting them.

I am not the centerpiece of this effort. My role as a candidate is incidental. This effort is focused on rebuilding our country. Only the owners — the people — can do it.

Earlier this year, the Republicans and Democrats spent several months arrogantly wandering around asking, "Who are these people getting petitions signed?" I can tell you exactly who these people are. These are people who love their country, work hard, rear good children, play by the rules, love the principles on which this country was founded — and don't like to see those principles violated.

They are disgusted with gridlock government, finger-pointing, check bouncing and neglect of domestic and economic issues. They are concerned about their jobs and their children's futures, as we export entire industries, deindustrializing America and putting our people out of work.

Why should Democrats and Republicans in every political race listen to these people? Here is one good reason: Their numbers are so large that they can be the swing vote that determines who wins Congress and the White House in November.

Just to eliminate any confusion by the candidates and political parties about what the people who make up United We Stand America are concerned about, here is a partial list. I hope the parties will treat it as a wake-up call.

- Rebuild the job base and put our people back to work.
- Stimulate the growth of small businesses by making capital and credit available. Today they are starved for both. Credit can be made available by changing the banking regulations. Capital can be made available by eliminating all capital gains taxes for money that goes directly into the treasuries of small businesses.
- Develop an intelligent, supportive relationship between government and business.
- Develop strategic plans on an industry-by-industry basis to strengthen and rebuild our large companies. Target the industries of the future and develop specific plans to be the world leader in those industries. Our successful international competitors do this. We don't.
- Build and maintain our manufacturing base. We cannot be a superpower unless we are a world leader in manufacturing. Never forget that if we have to defend our country we will need to be able to make a range of products, from steel and integrated circuits to shoes (remember Valley Forge?), and convert our factories to wartime use.
- Eliminate the deficit. Pass necessary legislation to balance the budget. Put in place a program to pay off the national debt. The president's checkoff box is a gimmick. It won't begin to pay for just one year's interest on the debt.
- Get rid of illegal drugs and dramatically reduce crime and violence in our country. Talk won't do it.
- Rebuild our cities. Make them "alabaster cities that gleam undimmed by human tears."
- Make our public schools the finest in the world. Today they rank at the bottom of the industrialized world.
- Restructure our health care system to make it cost effective. Today it is the most expensive in the industrialized world, but not the best. Minor changes suggested by both parties won't fix the problem.
- Develop a new tax system that is fair, is paperless for most Americans and raises the money necessary to pay our country's bills. The parties don't even talk about this.
- Make it a criminal offense for foreign countries, foreign companies or foreign individuals to hire lobbyists or contribute money — or services — to political campaigns. Both parties have foreign lobbyists in key campaign roles.
- Pass laws prohibiting cashing in on prior government service.
- Develop truly fair free-trade agreements. Today we are giving entire industries to other countries.
- Develop an intelligent energy policy. We have no policy. Our country is totally vulnerable in case of war.
- Give the president a line-item veto.
- Pass laws to stop Congress from exempting itself from laws it imposes on the rest of the country.
- Bring the overly generous congressional retirement plan in line with private-sector plans and get rid of unnecessary perks in government. Slash staffs in the executive and legislative branches.
- Pass laws requiring the return of all excess political campaign funds to the Treasury.
- Pass laws to reduce the time required for federal election campaigns, reduce the cost of federal campaigns and create equal opportunity for all new candidates by providing equal television time.
- Replace the Electoral College with the popular vote.
- Eliminate political action committees and all possibilities for special interests to give large sums of money to candidates.
- Hold elections on Saturday and Sunday, instead of Tuesday. Make it easy for working people to vote. Prohibit the release of election information until the polls close in Hawaii.
- Finally, and most importantly, bring us together. United teams win. Divided teams lose. Play to our multicultural strengths. Stop preaching the messages of hate and division in your campaign themes.

□

Now a message to both parties.

Please remember that those who have participated in the United We Stand America movement are intelligent, thinking, responsible people. They are not unprogrammed robots who can be emotionally swayed by your negative ads or messages of fear and divisiveness. Bluntly, you will have to face the issues to get their votes. Mud wrestling and messages aimed at destroying your opponent and his loved ones won't work.

I love the American people and I am sure that you do, too. I owe them a debt I can never repay and so do you. Today their government is a mess and they want it fixed.

By joining together as the owners of this great country, they can solve these problems.

As I've said before, it is time to clean out the barn — join us — pick up a shovel. Get to work!

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Names in the Air for a Clinton Cabinet

By Leslie H. Gelb

NEW YORK — Next to electing Bill Clinton, no issue grips the Democratic power elite more than whom he will name to fill top national security posts.

The Arkansas governor will come to this task, if elected, with one plus and some problems. The plus is that he can lean on Al Gore, who has considerable experience and standing in this field, and his key aide, Leon Fuerth.

A minus is that Mr. Clinton's credentials here are suspect. He probably would feel the need to turn to establishment figures to reassure an anxious nation. Even John Kennedy, who had foreign experience, reached out for comforting names like Douglas Dillon for Treasury and Dean Rusk for the State Department. (Note: JFK also threw in some surprises like Bob McNamara for Defense.)

But there is no longer much of an establishment, particularly for Democrats. They have controlled the executive branch, where reputations are made, for only four of the last 24 years. So, Clinton appointees would not be as well known and reassuring as the Kennedy cabinet.

Also, Mr. Clinton says he wants to broaden the definition of national security to include, if not center on, matters like global economic policy and the environment. Yet the more he would depend on relatively known Democrats and moderate Republicans, the less his government would reflect this new priority.

With these considerations in mind, I telephoned two dozen people who probably would be consulted by a Clinton transition team, and asked for names and comments. The following are the lucky winners (i.e., those who may now indulge in new and perhaps illusory hope).

Secretary of state: Warren Christopher, number two in the Carter State Department (comforting and very cautious); Lee Hamilton, slated as the next chairman of the House Foreign Affairs Committee (sound on policy, no proven executive ability); Tom Pickering, former United Nations ambassador and career diplomat (an established pro).

Secretary of defense: Les Aspin, chairman of the House Armed Services Committee (experienced and expert, unloved by the military); Sam Nunn, chairman of the Senate Armed Services Committee (all of Mr. Aspin's pluses and good military ties, but quirky and perhaps too conservative); General Colin Powell, chairman of the Joint Chiefs (very able, but of uncertain party loyalties).

National security adviser: Tony Lake, a Carter State Department policy planning chief and now a top Clinton aide (all-around first class, pragmatic, but not well known); Peter Tarnoff, president of the Council on Foreign Relations (former career diplomat and formidable doer); Richard Holbrooke, senior Carter State Department official (brilliant on blending policy and politics, controversial); Bernard (Mick) Trainor, a former Marine Corps general, now at Harvard (good head but narrow background).

CIA: Dave McCurdy, chairman of the House intelligence panel (close to Mr. Clinton, knowledgeable, unproven executive skills); Bob Inman, retired admiral and former number two at the agency (a well-connected pro, unclear political loyalties); David Aaron, top Carter NSC official (extraordinarily able and controversial).

Secretary of the Treasury: Pete Peterson, Nixon commerce secretary, now an investment banker (politically savvy, intellectual powerhouse, reassuring); Felix Rohatyn, investment banker (terrific ideas, highly respected, little government experience); Bob Rubin, banker (great manager, short on policy background).

Other names came up frequently for key jobs. Winston Lord and Sam Lewis, both former career diplomats, received rave reviews for UN ambassador. Jessica Tuchman Mathews, a Carter NSC aide, was cited glowingly for the Environmental Protection Agency and the Department of Energy. Richard Gardner, a lawyer and teacher, was cited favorably for exceptional knowledge of "new issues."

High praise for international economic positions went to economists Fred Bergsten, Bob Hormats and Joan Spero (all smart, experienced policy hands) and Roger Altman, a deft banker. John Sculley of Apple Computer was suggested as someone who could handle converting defense jobs. Jim Jones, head of the American Stock Exchange and a former congressman, got high marks for many posts, including budget director.

More to come. Don't call; I'm going on vacation.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Pauper Droves

PARIS — Pauper immigration from Russia into Germany, England, and other countries will have to be stopped. In Germany there are strict regulations against it, though they do not prevent the poor creatures from landing in droves at Hamburg with its cholera epidemic. In England there are no restrictions whatsoever on immigration of any kind. Popular feeling may soon manifest itself against the way in which foreigners "without any visible means of support" now flood the labor market.

1917: Praise for Wilson

PARIS — President Wilson's answer to the Pope's Peace Note asking the Allies to return to the "statu quo ante bellum" elicited whole-hearted commendation from the Allies, who welcome his verdict as a wholly satisfactory conveyance to the German autocracy of the lesson which the Allies wished Wilson to convey. "Can peace be based upon a restitution of Germany's power or upon any word of honor it could pledge in a treaty of settlement and accommodation? No peace can rest securely upon political or economic restrictions meant to benefit some nations and cripple others." It was said the Pope was visibly moved and disappointed when he received President Wilson's reply.

1942: 91 Fires Ablaze

LONDON — [From our New York edition:] Russian bombers, flying at least 900 miles from the eastern front to Germany, set ninety-one fires at Berlin, Koenigsberg, Danzig, and Stettin last night [Aug. 29], Moscow radio announced today. Berlin radio admitted that explosive and incendiary bombs fell in districts of the German capital last night. It said Russian raiders came in at a great height and dumped bombs at random. The attack was the heaviest of a series of raids the Russians have made on northeastern German cities.

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Lynne Sladky/The Associated Press

A young girl in Florida City offering a hand to army troopers unloading a military truck carrying relief supplies to the stricken area.

For Bush's Domestic Image, an Ill Wind

By Michael Wines
New York Times Service

WASHINGTON — After flattening parts of Florida and Louisiana, last week's hurricane crashed into Washington, taking dead aim at President George Bush's effort to portray himself as a decisive president keenly concerned with domestic policy.

As Florida, the nation's fourth-largest state, staggered from the storm's blow, Mr. Bush dispatched fighter jets to Iraq and barnstormed the Midwest, promoting his foreign-trade agenda. More than 250,000 Floridians rendered homeless last week simmered for four days in the August sun, waiting for federal help.

On Thursday, when it still had not arrived, their anger boiled into the national press, catching and stopping Mr. Bush only hours away from the start of a long weekend at his summer retreat in Maine.

It was the kind of performance that supporters of the president used to regularly bemoan but had assumed was history now that James A. Baker 3d, Mr. Bush's political savant, is running the White House and his campaign.

Instead, the president finds himself approaching the Labor Day weekend struggling again to shed the image that he is detached from domestic problems and unwilling to act quickly to solve them.

His advisers contend that he has averted serious political damage in one of the few large states that Republicans feel confident he can win in November.

He canceled his immediate campaign schedule, ordered a flood of federal troops and supplies into southern Florida and held a news conference to decry needless "finger-pointing" at whoever was responsible for delays when men, women and children were suffering.

"I think the president acted decisively enough," a campaign official said. "He'll get a

NEWS ANALYSIS

couple days' anger, but the fact is, he's been down there himself, and he mobilized things quickly."

That is one view. Another is being expressed by Miamians who telephoned the city's leading talk-radio station, WIOD-AM, to vent their frustration at the state and federal relief efforts.

"Here's what they're thinking," said Michael Disney, the station's general manager and executive vice president. "How can we send a half-million troops around the world to a foreign country, and yet we can't get food and water to our own people? That's what they're thinking."

Whether that anger is genuine or will linger is an open question. But Mr. Disney neatly summarized the White House's worst fears: that as Mr. Bush begins pounding the campaign circuit in earnest, voters will compare Desert Storm to Florida Storm and find his domestic skills lacking.

Mr. Bush's woes are all the more painful to his supporters because the hurricane's march through the Southeast, however much a tragedy, was an opportunity for the president to demonstrate compassion and leadership during a domestic crisis in a way his challenger, Governor Bill Clinton, could not have hoped to match.

Presidents have commanded the federal Treasury and the military for the benefit of disaster victims in ways unavailable to their political rivals. And it appeared early last week that, under Mr. Baker's skilled tutelage, the White House would do just that.

Unlike his predecessor, Samuel K. Skinner, Mr. Baker was going to restore decisive leadership to the White House and sweep away the paperwork and endless meetings, his associates quietly boasted.

Last Monday, his first day on the job, Mr. Baker virtually commandeered Air Force One as the president campaigned in Connecticut and ordered it and Mr. Bush to Florida, only hours after the hurricane had roared through. He did it again Wednesday, sending Mr. Bush to Louisiana in a smaller jet even as torrents of rain and a 35-mile-per-hour (55-kilometer-per-hour) winds continued.

"When you have families hurting," Mr. Bush said in Miami, "I think it's important they know that the president cares." He added that he was "ready to help in any way that the federal government can."

His obvious sincerity aside, the image of a president personally and decisively tending to a domestic crisis could not help but benefit Mr. Bush politically. But the White House's attention to the Florida disaster appears to have wandered just long enough to erode whatever gains in popularity he might have made.

Bush Aide Puts Storm Damage in Billions

Compiled by Our Staff From Dispatches

WASHINGTON — The man President George Bush appointed to monitor the cleanup of the hurricane that ravaged South Florida said Sunday that the relief operation would cost the government billions of dollars.

In a television interview, Transportation Secretary Andrew H. Card Jr. said he thought Congress would need to approve emergency funds for the disaster. The storm, designated Andrew, destroyed communities in South Florida last Monday and later caused extensive damage in Louisiana.

"I think we're talking billions," Mr. Card said. But he said the extent of damage was still unclear.

"I don't think the estimates of $30 billion worth of damage are legitimate yet," he added.

"Clearly the amount of damage is in the billions of dollars and I think it's going to require in the billions even from the federal government," he said.

The nearly $400 million that Mr. Bush has already made available for loans and other assistance to hurricane victims is just "a drop in the bucket," Mr. Card said.

Any assistance from Washington will be added to the federal deficit, which is already expected to reach at least $335 billion this year.

Although federal spending on domestic programs is capped by a 1990 budget agreement, the accord allows spending caps to be breached in an emergency.

Answering criticism that federal aid was slow, Mr. Card said, "I think the federal response came quickly but it was not enough." He said "no one realized the magnitude of this disaster."

In South Florida on Sunday, badly needed supplies were flowing to victims, but officials worried that the outpouring of compassion was contributing to the bottleneck in getting help to those who need it.

Communications and transportation were an enormous problem. The overburdened telephone system in Dade County, which includes Miami, was near collapse, and roads were gridlocked.

Two people died in storm-related accidents during the weekend, raising the toll in Florida, Louisiana and the Bahamas to 33.

The Pentagon said Saturday that it would double the number of federal troops, to about 14,000, and send navy ships loaded with 2,000 tons of food and relief supplies.

Pentagon Faces the Inevitable, Prepares for Long-Range Cuts

By Eric Schmitt
New York Times Service

WASHINGTON — Anticipating that steeper cuts in military spending are inevitable, the Pentagon is quietly preparing to reduce its forces below the lowest levels the Bush administration has said would be acceptable, senior Defense Department officials say.

The cuts, which would affect fundamental military programs, including troops, weapons purchases, and military bases, could eliminated as much as $80 billion in military spending by 1997.

Officially, the military services are complying with a budget-review process this summer that requires them to submit long-range plans meant to conform with the Pentagon's strategic outline for a post-Cold War world.

These classified plans assume a continuation of the Bush administration's "base force" of 1.6 million uniformed troops through the end of the decade, as outlined by the Pentagon in 1990. Among the plans' proposals that are likely to generate debate is placing land-based Marine Corps aircraft on navy carriers and assigning air force bomber pilot jobs to reservists.

But senior Defense Department officials privately acknowledge that they consider many details of these plans already out of date. Regardless of the political outcome in November, they say, the military budget is going to have to take a bigger cut than the administration has publicly proposed.

"Most people believe that whether Bush or Clinton is elected, the cut will be the same," said one senior Pentagon official. "The only difference will be that with Clinton it'll come faster, and with Bush it'll be slower."

Governor Bill Clinton said last week that his proposed military budget over the next five years would be only 5 percent lower than President George Bush's but that he would make deeper cuts in the number of troops based in Europe and in the Strategic Defense Initiative anti-ballistic-missile system.

Last year, the Pentagon confronted similar budget pressures, and Defense Secretary Dick Cheney and General Colin L. Powell, chairman of the Joint Chiefs of Staff, ordered a comprehensive review of future needs. As a result, the Pentagon canceled several expensive weapons, like the B-2 bomber and Seawolf submarine, to spare deeper troop cuts.

This time, planners say, they are reluctantly looking at shrinking the overall force itself. They say that projected military spending simply will not cover the costs required to equip, train and maintain the troops and equipment called for in the long-range budgets.

"Today's fiscal environment shows no sign of being cyclical in nature," said the navy's long-range planning document. "Reversal of current projected resource reductions is not foreseen."

One senior army official elaborated, saying: "No one believes we'll have these numbers to play with. You won't see a $280 billion defense budget in the future. It'll be more like $250 billion or $240 billion, or lower." The budget for this fiscal year was $291 billion.

The administration publicly continues to resist cuts beyond those envisioned by current Pentagon plans: a 25 percent reduction in forces by 1995. Under that base-force plan, the navy would have 12 aircraft carriers, the air force 15 tactical air wings and the army 12 active-duty divisions.

But several factors are influencing the anticipated reductions in the military budget and overall force. The military grudgingly recognizes that Congress intends to continue reducing its budgets in response to the collapse of the Soviet Union and no foreseeable challenge from a comparable foe.



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Iraqi Kurds Caught in Middle As Turkey Bombs Its Rebels

By Chris Hedges
New York Times Service

DARO, Iraq — Beyond the scrutiny of much of the outside world, a nasty air war is under way in the hinterlands of northern Iraq.

The attacks are directed not from Baghdad or Washington but from Ankara, by Turkish government officials bent on destroying rebel camps of the Kurdish Workers Party, a Turkish guerrilla group.

The rebels, who conduct raids into Turkey from camps in northern Iraq, have been fighting for an independent Kurdish state in southeastern Turkey since 1984. The Kurdish region traditionally incorporates parts of Iraq, Turkey, and Iran, but rivalry among Kurdish separatist groups has prevented them from making common cause.

[Forty-three rebel Kurds and 10 Turkish soldiers were killed in a battle in southeastern Turkey on Sunday when separatists attacked a gendarmerie post, Reuters reported from Diyarbakir.

[The governor's office said guerrillas of the outlawed Workers Party who had entered Turkey from Iran attacked the border post near Semdinli in the province of Hakkari.]

Turkish officials contend that their air attacks are based on precise intelligence data, often provided by small reconnaissance units sent into Iraq. But Kurdish farmers and shepherds — many of whom have lost relatives, animals and property to Turkish bombs — do not agree.

"The planes don't distinguish between us and them," a peasant, Khader Darwish, said. "They just drop the bombs. Besides, the camps have a lot of antiaircraft weapons, so some planes like to unload their bombs in safer areas."

Iraqi Kurdish leaders, who say they have been trying to shut the camps of Turkish rebels, have protested to Ankara over the raids. In the last year, about 50 people in the area have been killed and 30 wounded, prompting local people to abandon 50 towns and villages along the border, the Kurds say.

The village of Daro lies 25 kilometers (15 miles) from the Turkish border, nestled in a narrow ravine among pines, elms and oaks. Yet despite the tended fields that surround it, Daro is deserted.

Daro has been bombed twice in the last three months. In the first strike one person died, another was wounded, and more than 40 sheep were killed.

After the raid, the villagers packed their belongings and moved to the forest. Each evening, they return home. The women do housework by candlelight while the men tend the fields in darkness.

A mile from Daro, Zubaid Ahmed Merza and several other men from the village were sitting on straw mats, hidden from aerial view by scrub and branches.

The men said they were having trouble feeding their families. "We don't grow or sell much produce now, and our savings are gone," Mr. Merza said. "It may be better to go to Turkey or Iran as refugees. They must have security there, and we can't hide under the trees once winter comes."

None of the farmers disputes the existence of the Turkish rebel camps, which most say they avoid.

People used to be able to go into the areas controlled by the rebels, said Essa Rashid, clutching an old automatic rifle. "But now they arrest you," he said. "Sometimes you get released, and sometimes you get executed."

The Kurdish farmers say Turkey sends planes several times a week, bombing anything that moves. Few villagers walk the roads by day.

Like most people in the valley, Omar Ali Jaber, a 50-year-old farmer, lived within hearing distance of the big guns during the eight-year Iran-Iraq War.

"For all the problems with Iran, they never sent over planes to bomb us," he said. "We prefer the Iranians to the Turks."



The Associated Press

CAIRO BUILDING COLLAPSE — A man combing the rubble of a seven-story apartment building that fell over the weekend, killing 18 people and injuring 17. A police official said the three top floors had been built illegally. The building was apparently condemned two years ago.

Quebec's Leader Starts Drive to Sell A Deal on Unity

By Clyde H. Farnsworth
New York Times Service

QUEBEC — Robert Bourassa, the premier of Quebec, has begun a campaign to convince skeptical Quebeckers that an agreement reached with English-speaking Canada resolves many of their longtime grievances and should end their drive for independence.

With polls signaling an uphill battle to win backing for the accord in a referendum Oct. 26, he moved to overcome his first major hurdle.

At a special conference of his Liberal Party at the sports center of Laval University here, supporters of federalism allied with Mr. Bourassa beat back opposition to the agreement from strongly nationalist elements in the party. Federalist-backed amendments were overwhelmingly approved.

The younger members, led by a 22-year-old Laval political science student, Mario Dumont, argue that the deal falls short of party demands for a large-scale transfer of power from Ottawa to Quebec. They accused the leadership of packing the conference with supporters to ensure a favorable vote on the federalist platform.

The 58-year-old premier, fresh from a meeting on Prince Edward Island where he and the leaders of Canada's other provinces wrapped up details of the new constitutional package, defended it Saturday to more than 4,000 party stalwarts as a substantial achievement that "protects the future of Quebec."

He promised a bare-knuckles fight with the leader of the separatist Parti Québécois, Jacques Parizeau, who has called Mr. Bourassa a traitor for accepting the deal with the nine other provinces.

Mr. Bourassa accused Mr. Parizeau of "acting like a demagogue", and "exploiting tensions and prejudices." He charged that the Parti Québécois had betrayed the province in negotiations in 1982, when it was in power, by failing to win the kind of concessions that he had just obtained.

Mr. Bourassa has linked the issue of continued Canadian federalism with his political future. His opponents have tried to separate the two, arguing that they like his leadership — he has no credible challengers at this time — but do not like this particular deal.

In effect, Mr. Bourassa, who is likely to call elections next year, especially if the pact is ratified by Quebec and the other provinces, was saying that you get either the deal or me.

Mr. Bourassa dominated Saturday's proceedings with speeches and with nearly two hours of detailed responses to questions from the floor. His performance impressed political analysts.

But persuading his own party is different from the province-wide support he will need Oct. 26.

IRAQ: *Allies Seek to Divide Country, Saddam Charges*

(Continued from page 1)

nate Iraq's nuclear, chemical and biological weapons programs and its long-range missiles. Since the cease-fire, there have been more than 40 inspections inside Iraq under the mandate of the UN Security Council.

Doug Englund, a regional chief of the operation, would give no details of the team's mission. He said it was scheduled to finish work by Sept. 7.

United Nations officials said Sunday that three UN guards in northern Iraq had discovered a bomb attached to the bottom of their car but had been able to defuse it before it could explode.

The incident, which took place Thursday and drew a strong protest to Baghdad from the United Nations, was the most recent example of growing tension between Iraqis and UN personnel, who have been serving in the country since Iraq's defeat in the Gulf War last year by a U.S.-led multinational force.

It occurred when the UN guards were stopped at an Iraqi government checkpoint near the northern city of Kirkuk en route toward areas farther north that are under the control of Kurdish rebels.

They said they saw a man tampering with their car and later discovered and defused a 1-kilogram (2-pound) bomb affixed to the undercarriage by a magnet. The bomb had been set to go off in two hours, when the guards would have been well beyond Iraqi government lines.

"Obviously this was extremely serious, and we are taking it very seriously," said Gualtiero Fulcheri, the UN coordinator for Iraq. "Maximum security is being enforced during all movements of the staff in Iraq."

In another incident, a group of Iraqis wielding steel bars smashed the windshield of a UN car near Baghdad last week, and a Swedish soldier on UN guard duty was wounded two weeks ago when an unidentified gunman opened fire on his UN vehicle in northern Iraq. The Iraqi government has denied any involvement.

The number of UN personnel in Iraq has been steadily declining since the United Nations failed to reach agreement with Baghdad on a new agreement allowing them to operate in the country. There are now about 75 UN aid workers and 120 guards, compared with 600 workers and 500 guards in April.

■ **Fewer Sorties a Possibility**

Iraq has stayed out of the exclusion zone imposed by the allied forces, who may consider flying fewer sorties over the marshlands as a result, The Associated Press reported from the U.S. carrier Independence in the Gulf.

The U.S. commander in the Gulf, Lieutenant General Michael Nelson, said pilots had been flying more than 100 missions a day from the carrier.

"If it stays peaceful and it runs as smoothly as it has," he said, "it's possible that we may be able to do something less than the high rate we have been running with out here."

POLICY: *U.S. Readies Set of Tough Options for Iraq*

(Continued from page 1)

been achieved. Several analysts and members of Congress have begun to argue for a more aggressive approach to unseating Mr. Saddam, including creation of an Iraqi government-in-exile that could be provided with arms and money.

A Pentagon spokesman said that coalition aircraft had dropped leaflets warning the Iraqis of the consequences if they sent planes aloft to challenge the ban or turned on air defense radar to direct missiles.

Administration and Pentagon officials acknowledged Friday that the strategy posed risks for the Bush administration, especially if Mr. Saddam opted to challenge the coalition partners by mounting ground attacks against Shiite rebels and villages with artillery, tanks and the estimated 60,000 Iraqi troops in the region.

Officials said that intelligence reports showed no significant ground movements of troops or equipment since the ban went into effect. Nevertheless, one said: "No one has made a lot of money betting on Saddam's behavior. Saddam has a history of probing coalition positions, and he may probe."

Clouding the picture of how the Iraqi leader might respond to the exclusion zone are continuing questions about the strength of his grip on power. The officials confirmed reports that elements of Iraq's Republican Guards staged an unsuccessful coup attempt in late June.

One official said the coup had been led by dissident senior officers, including several generals, who planned to ambush Mr. Saddam's motorcade in Bagdhad.

But Mr. Saddam's security forces are said to have "sniffed it out" and, after a gun battle, captured the officers involved. The senior administration official said the coup had been put down "ruthlessly" and that "a lot of people" had been executed for their role.

A senior Pentagon official described the coup as "significant" in that it involved "people relatively close to him," suggesting that Mr. Saddam's days could be numbered. The Pentagon officials said further signs include reports that the Iraqi leader recently reorganized his security forces and now requires even cabinet ministers to be stripsearched before meeting with him.

The officials and other experts acknowledged, however, that the failed attempt to depose Mr. Saddam could also point to a different conclusion. "It shows how hard it is to make a coup," said Laurie Mylroie, an analyst at the Washington Institute for Near East Policy.

In any event, Mr. Mylroie added, waiting for Mr. Saddam to be shot by one of his generals amounts to "a hope and not a policy."

RICH: *Back in Shanghai Style*

(Continued from page 1)

Rolexes will cost up to $20,000 each, and Mr. Shi said there would definitely be customers.

A potential customer is Su Yaopeng, who says he is in the real estate business. Mr. Su is doing well: Last month he paid $55,000 in an auction for Shanghai auto license plate Z0518.

It is regarded as an auspicious number because it sounds vaguely like the words for "make me rich."

Meeting the needs of a changing society, the Chinese language has in the last few years come up with new expressions, *dakuan* and *kuanye*, which are equivalent to "fat cats." The concept did not exist in more orthodox Communist days when everyone was supposed to be egalitarian — and lean.

The dakuan can be found shopping in the boutiques of Nanjing Road, buying Italian suits or French cosmetics despite the huge tariffs that can make lipstick cost up to $50.

Every now and then, they take a call on their cellular telephones and make a note to themselves with European fountain pens.

One place to spot the dakuan is in the new brokerage houses around Shanghai, where the elite come to play the stock market. The big players get special rooms where they can relax and watch trading on computer screens as they issue buy and sell orders.

At first, the brokers extended this privilege to anyone with more than $35,000 invested. But there were too many of those, so now an investor must have a stake of nearly $100,000 to get special treatment.

To be sure, most Chinese are still peasants who have never been to Shanghai and are lucky if they have electricity. The average peasant made $132 last year, and some can afford meat only once or twice a year.

Yet at the same time, the ranks of the dakuan are growing very rapidly: About 4 million families have annual incomes of $5,500 or more, and there are 10,000 private cars around the country.

Typical of Shanghai's new dakuan is Gu Desheng, who has a high school education. Until 1984 Mr. Gu, 37, was a driver for a food company, earning about $10 a month, but then he quit and decided to do business on his own.

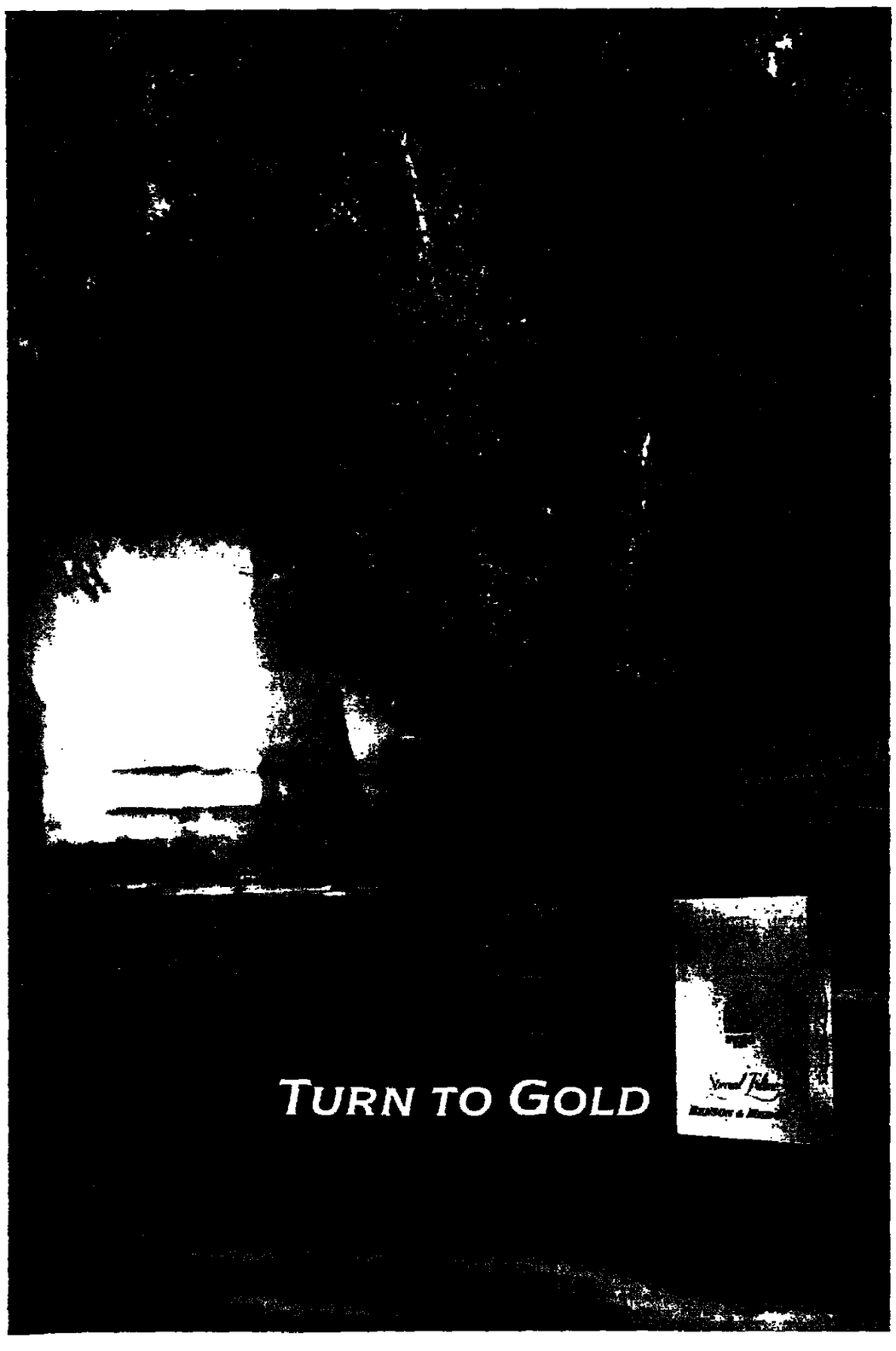
After making and selling toys for a few years, Mr. Gu amassed a bit of capital. He traded his apartment for one on the ground floor and last year turned it into an elegant restaurant — the "We Happy Restaurant," a sign at the entrance proclaims in English.

Mr. Gu and his wife and child live in a tiny loft they built over the restaurant, and they put $20,000 in savings into refurbishing the restaurant. It is now equipped with stereo music, air-conditioning, a bar and a set of aquariums near the door to keep fish and snakes alive and squirming until customers order them for dinner.

With a monthly profit of $600 or more, and growing, Mr. Gu is now considering several other locations for additional restaurants.

"I've never heard of anyone in Shanghai not making money on a restaurant," Mr. Gu said. "Some people quit because they find it a lot of work, but nobody goes bankrupt."

One reason private enterprise in China often prospers is that the competition comes largely from state-owned companies that are legendary for their sloth and discourteousness.



Loaded Terminology Is Put Aside In Israeli-Palestinian Language War

By Clyde Haberman
New York Times Service

JERUSALEM — The Israeli-Palestinian conflict is often cast in terms of sticks and stones and broken bones. But it is also a war of words, and in this case, the old children's verse is wrong because names can indeed hurt. They can certainly influence opinion.

That point emerged last week in the Middle East peace talks in Washington, where Hanan Ashrawi, the spokeswoman for the Palestinian delegation, noted that Israeli negotiators had stopped using certain terminology now that a new government is in charge in Jerusalem.

For instance, she said, the people known to most of the world as Palestinians are now indeed being called Palestinians. They are not simply Arabs, or Arabs of the Land of Israel, or Palestinian Arabs — favored descriptions when the rightist Likud party was in power.

And Israeli references to the land commonly known as the West Bank now generally avoid the words "Judea and Samaria," terms of biblical origin insisted on by Likud and rejected by Palestinians.

This language barrier may not seem like a major matter. But labels count, and they often reveal differences in political points of view as surely as ballots and bullets do.

Take the very lands that are the source of so much bloodshed. What are they?

Palestinians, left-of-center Israelis and much of the West and its press generally refer to them as "occupied territories," in part because United Nations resolutions say that that is what they are.

But "occupied" sounds harsh and unfair to some. The preferred term in the Israeli government is "administered territories."

A few ardent Zionists sometimes insist on describing Judea and Samaria, i.e., the West Bank and the Gaza Strip, as "liberated territories," but a far more commonly used term among this group is "disputed territories."

In the West Bank and Gaza, both predominantly Arab, dozens of Jewish towns and villages have been established over the last two decades. Routinely they are called "settlements."

But "settlements" can be a loaded word to some people, especially on the Israeli right, because to them it suggests an alien intrusion. They believe that Jews have the right to live anywhere in the biblical land of Israel and therefore cannot be considered interlopers. Their preferred word is "communities."

Politics aside, "communities" is in some cases more accurate. Settlements may conjure up visions of tent cities and mobile homes, while many places in the West Bank look like tidy suburban communities anywhere in the world.

This is all more of a problem in English than in Hebrew, which makes greater distinctions. For example, the Hebrew words *hitnachalut* and *yishuv* are both translated into English as "settlement." But the first is understood by Hebrew-speakers to mean a place in the territories, and the second can describe a community in Israel.

If Israelis sometimes use "Palestinian" and "Arab" interchangeably, many Palestinians draw no distinctions between a "Zionist" and a "Jew," often suggesting that they don't think much of either. .

Israelis Rocket South Lebanon

Reuters

MARJAYOUN, Lebanon — Israeli planes rocketed Hezbollah positions in southern Lebanon on Sunday and guerrillas detonated a bomb near a pro-Israeli patrol, wounding one militiaman, witnesses and security sources said.

Witnesses said two Israeli planes fired six rockets at positions of the pro-Iranian Muslim fundamentalists in the Mlita hills, south of Beirut. Hezbollah said no one was hurt.

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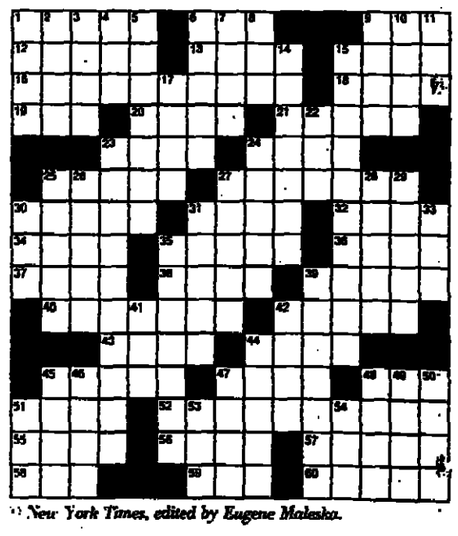
1 Music org.
6 Woeful
9 Duo
12 One of a flight
13 Type of rain
15 Australian tennis player Lew —
16 Speedy motorboat
18 Youth org.
19 Affirmative
20 Shed feathers
21 Loses color
23 Sacred
24 Chan creator Earl — Biggers
25 Attack vigorously
27 San Francisco quarterback
30 Vast number
31 That girl's
32 Rex Stout's Wolfe
34 Assert
35 Memorable jazz pianist
36 Precious stones
37 Loose-woven fabric
38 Time periods
39 Gives over
40 Marks with spots
42 Rent
43 Portable mortar troughs
44 Storage structures
45 Fixed allotment
47 Uncle's mate
48 Certain radio operator
51 Rotate
52 Doctor Jekyll's alter ego
55 Fury
56 Check copy
57 Felt poorly
58 Sound on Capitol Hill
59 Single
60 Sierra — Africa

DOWN

1 Pale
2 Eyelid affliction
3 Rotters
4 Broadcast
5 Upgrade
6 Sortie of troops
7 "... one way to skin —"
8 Kipling's "Gunga —"
9 Bulky book
10 Servicewomen
11 Harem room
14 Cry heard at an N B A. game
15 Large-bloomed bushes
17 Legendary Marco
22 Jujitsu, e.g.
23 Submarine detecting device
24 Duke or Day
25 Adored
26 Philadelphia's Spectrum, e g.
27 Tablelands
28 Wants
29 French fighting force
30 Holbrook or Linden
31 Hounds' quarry
33 Counterespionage agcy. of W.W. II
36 Hag
39 — Park, N.Y.C
41 Tea or jack attachment
42 Queue
44 Kin of 27 Down
45 Pier
46 Strong impulse
47 A — Able
48 Wood: Comb. form
49 Arabia's Gulf of —
50 Persian's associate
51 "... In the spring, — la"
53 Wedding words
54 Go swiftly

Solution to Puzzle of Aug. 28

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Religious Friction Imperils Session of Nonaligned Group

By Michael Richardson
International Herald Tribune

JAKARTA — As foreign ministers of the Nonaligned Movement argued Sunday over Yugoslavia before a summit meeting this week, delegates and analysts warned that the disparate group might fragment along religious lines as Islamic nations demanded protection for Muslims in Bosnia-Herzegovina.

While a compromise may emerge before heads of government open their meeting on Tuesday, the debate over politics and religion in the now- fragmented Yugoslavia appears to portend deepening divisions in the movement.

Nonaligned nations are struggling to find a role in a post-Cold War world that no longer enables them to maneuver between East and West.

Indonesia, which is playing host to the summit meeting and will take over as chairman of the movement from Yugoslavia, had hoped to steer the 106 nations in the group away from contentious issues. Instead, Indonesian officials said, the movement should try to find common ground and a new rationale for cooperation by strengthening its role in global trade and economic affairs.

However, the group appears to be affected by the resurgence of ethnic and religious loyalties in Europe.

Dealing with the former Yugoslavia in terms of ethnic and religious conflict is "dangerous because it may turn the Nonaligned Movement into a forum for interreligious warfare," said Juwono Sudarsono, dean of the faculty of social and political science at the University of Indonesia.

Yugoslavia was a founding member of the nonaligned group and was host to its first summit meeting in 1961. Delegates said that the movement was threatened by a split between Muslim nations insisting that what is left of Yugoslavia — Serbia and Montenegro — has forfeited its membership, and other states, particularly from Africa, which say it should keep its seat.

Muslim countries in the Islamic Conference Organization form about 40 percent of the membership of the nonaligned group.

One African official was quoted by conference sources as accusing Muslim nations of waging a jihad against Belgrade.

A number of African and other nonaligned countries with minority problems fear that the Yugoslav affair may become a precedent for raising sensitive ethnic and religious issues at future meetings, undermining their national unity.

Since the Nonaligned Movement makes decisions on the basis of consensus, Yugoslavia is unlikely to lose its seat.

However, Malaysia, Iran, Pakistan, Egypt and a number of other Muslim countries want the movement to agree to a strong condemnation of alleged Yugoslav support for Serbian attacks against Muslims in Bosnia-Herzegovina and to demand that the United Nations intervene more forcefully.

Leading the Muslim attack, Abdullah Ahmad Badawi, the Malaysian foreign minister, said that if the Nonaligned Movement failed to confront the issue, it would be "wittingly or unwittingly protecting aggressor states within our midst and ensuring the marginalization of our movement."

He asserted that what was left of the old Yugoslav state was "abetting the most serious Serbian atrocities committed against the Bosnian Muslims and Catholics in Bosnia-Herzegovina."



Adil Bradlow/Reuters

Signaling their solidarity with Bosnia's Muslims, South African Shiites of Hezbollah marched in Cape Town on Sunday.

BOSNIA: *Gorazde Siege Ends as Shell Hits a Crowded Sarajevo Market*

(Continued from page 1)

suburbs northwest of Sarajevo.

The increasing intensity of fighting here and in Gorazde appears to have stalled, if not reversed, the momentum for a peaceful settlement to the Bosnian war that emerged out of the conference last week in London.

The tank shell that tore Sarajevo civilians to pieces in a marketplace on Sunday occurred just across the street from the headquarters of the United Nations peacekeeping operation.

"This is shocking that this shelling of civilians goes on right under our noses," said Fred Eckhard, a UN spokesman. "It is extremely frustrating for us as peacekeepers to witness this and not be able to do anything about it."

The UN mandate in Bosnia has been limited to the delivery of humanitarian aid. Its armed peacekeepers are only authorized to use force to ensure that the aid gets through.

"The peace process has not begun in any meaningful way," Mr. Eckhard said.

The UN undersecretary-general for peacekeeping operations, Marrack I. Goulding, is scheduled to arrive here Wednesday to supervise the beginning of the London agreement under which heavy weapons would be monitored.

"Goulding will meet with political leaders and get more commitments," Mr. Eckhard said. "He will see if the London agreement means something on the ground or if it is an empty agreement."

One of the promises made in London was a guarantee that all those expelled from their homes would have the right to return in safety.

But the Belgrade-based Tanjug press agency reported that Serbs in southeastern Bosnia-Herzegovina had banned the return of thousands of Croatian and Muslim refugees.

In announcing the Bosnian victory at Gorazde, the government said in a statement that 90 Serbian fighters had been killed and "significant amounts" of arms captured in the liberation of 80 percent of the city.

"It is of tremendous important for our self-confidence," said Ejup Ganic, a member of the Bosnian presidency.

For two months after the war started in April, Gorazde was a magnet for Muslim refugees from other towns and villages along the Drina that had been overrun by Serbian forces.

It was sealed off by attacking Serbs near the beginning of June. Since then, except for one UN convoy of relief aid, the residents and refugees have been cut off from the outside world. They are without electricity, safe drinking water, medicine and adequate food.

The leader of Bosnian forces in Gorazde, Hadzo Efendic, said that Serbian forces had escaped while under attack from positions around the city. He said that the Serbs had not voluntarily unblocked the city and withdrawn, as asserted by a Serbian leader on Saturday.

In Serbia Itself, Ethnic Cleansing Purges the 'Impure'

By Peter Maass
Washington Post Service

HRTKOVCI, Yugoslavia — Three Serbs walked into Zladko Klobucar's Courvoisier Café a few days ago and placed an unusual order.

They told Mr. Klobucar, a Croat who uses a wheelchair, to leave town in 24 hours or they would wheel him into the Sava River.

He refused to comply. The thugs have not returned, but Mr. Klobucar believes they will. It was the third time in a month that Serbs had threatened to kill him unless he left Hrtkovci, where his family has lived for a century or so.

"There's a lot of tension here," he said. "There's a lot of pressure, and there's a lot of fear."

This is not blood-spattered Bosnia, where Serbs are carving out a new state for themselves through a notorious campaign of forced relocation and sporadic killing of non-Serbs known as "ethnic cleansing." This is Serbia, where ultra-nationalists have decided in recent months that ethnically impure spots need some cleansing too.

Relief officials say that tens of thousands of Croats and Hungarians in Serbia's Vojvodina Province have been forced from their homes.

In Hrtkovci, the cleansing is being done mostly by newcomers, Serb refugees from the wars in Bosnia and Croatia who have decided that the village belongs to them, not to its longtime residents. Their methods are as brutal as the fighting they left behind.

According to Hrtkovci residents, a Croatian-Hungarian man was decapitated in May after he tried to stand up to the cleansers. The man, Mijat Stefanac, was taken away by a group of ultra-nationalists, and later his headless body was found a few miles away.

Hrtkovci is a farming community that used to have about 4,000 residents, a mixture of Serbs, Croats and Hungarians who lived together without problems until the war refugees arrived.

The newcomers banded together under the leadership of a Hrtkovci Serb named Ostoja Sibincic, who ignited the campaign of terror. Mr. Sibincic was arrested on federal orders and is now in prison, but his armed followers fire random shots at night and throw hand grenades into the backyards of non-Serbs, villagers say. They visit the Croats and Hungarians, telling them, point blank, to get out of town and to sign documents relinquishing their homes and land.

Most have complied. Julijana Molnar has not. She is a sturdy Hungarian peasant who fought back tears as she rolled fresh dough on her kitchen table and talked about the nightmarish events of recent weeks.

About a month ago, several Serb refugees entered her yard uninvited and taunted her, saying that she must not sell her cows and pigs because they wanted them. Every few days, she said, they stop by her house and pester her to leave.

When she goes shopping in town, they call her "Hungarian scum" and ask why she is still around. She described coming home one day and finding a butcher knife driven into her kitchen table.

"It's difficult to be a foreigner in your own village," she said. "My family came here 350 years ago, we didn't just come yesterday. We have nowhere to go. There's not a corner in Yugoslavia for us."

GERMANY: *More Violence*

(Continued from page 1)

be accused of incitement to a demonstration of support for Nazism, which is illegal in Germany.

The surge in violence has coincided with a huge influx of refugees into Germany this year, which could double last year's record of 256,000 asylum-seekers.

The latest troubles have heightened debate over whether Germany should toughen its asylum laws and how it should deal with a lack of tolerance that appears deeply rooted in the economically bleak post-Communist East.

Joschka Fischer, the environmental minister for the state of Hesse, criticized Chancellor Helmut Kohl's government and leading opposition figures Sunday for seeking stricter asylum laws.

Mr. Fischer wrote in the newspaper Frankfurter Allgemeine that the politicians have become "prisoners of the rightist radicals," and said that toughening the asylum laws would be "a de facto victory for the rightists."

In the industrial city of Leipzig, a dozen skinheads hurled firebombs Sunday and set ablaze a tent city set up for refugees. The police said there had been no injuries and that the foreigners had been evacuated.

About 60 people threw rocks at a refugee home in the northern town of Schwerin, but security officers turned them back and arrested 13 skinheads.

RUSSIA: *It's Society's Turn to Collapse as More and More People Decide 'Anything Goes'*

(Continued from page 1)

vegetable sellers from the Caucasus who have a near-monopoly on the farmers' markets, to the old Communist bureaucrats who now have comfortable seats on the fence between state socialism and a market economy, to the organized gangs who have turned car theft into one of Moscow's most thriving businesses. Each day in Moscow 40 cars are reported stolen.

Crime has soared in Russia after the collapse of communism, as it did in Eastern Europe. Last year, the numbers went up by an estimated 18 percent; this year, the police are reporting a rise of 30 percent to 35 percent.

"The situation is substantially aggravated by the illegal sale of arms," Interior Minister Viktor F. Yerin said. Guns now appear in the unlikeliest places, in one case spotted by a diner in a restaurant who watched amazed as his neighbor finished his meal, reached into his companion's purse, withdrew a large revolver and stuck it into his belt.

The effects of all this have galvanized a citizenry unaccustomed to a flaunting of criminal behavior. Break-ins have caused a run on steel doors, metal gates and alarm systems. Security companies are thriving, although some are racketeers whose offer to protect premises are accompanied by vague threats of the consequences if their services are refused.

White-collar crimes also have taken off in the chaos of Russia's economic transition. Some are on a huge scale: The Russian Security Ministry recently reported confiscating 9 million tons of metal that was being smuggled out of Russia. According to another report, from the Interior Ministry, only two-thirds of oil exports are conducted legally. It was estimated in a newspaper report that more than $100 million in bribes were paid to oil industry officials to ease the illegal flow of oil.

The blending of government resources and private profit has spread into other spheres.

One of the summer's juiciest scandals erupted last month in the wake of a gala opera festival starring José Carreras, held in Red Square on July 4 to 8. The event was rained on and President Boris N. Yeltsin, listed as a patron, never showed up. Nor did the expected audiences.

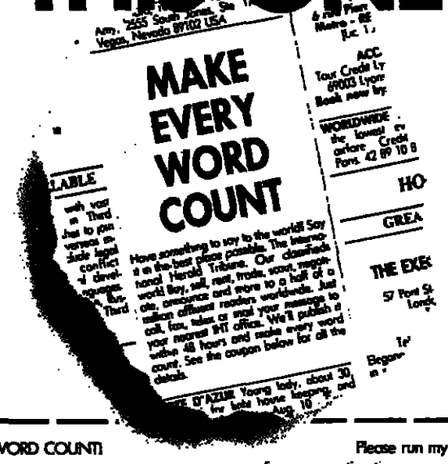
The affair was widely declared a commercial flop, but not, it seems, for the show's organizers. The newspaper Moskovski Komsomolets reported that they had been given 310 million rubles in credits at preferred interest rates. They also were able to buy $6 million at about 16 percent of the prevailing exchange rate.

2 Major Brush Fires in Spain

Reuters

VALENCIA, Spain — Two weekend bush fires in southeastern Alicante Province destroyed nearly 3,000 hectares of woodland, environmental officials said Sunday.

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— hand delivery	S.Kr.	3,300	4,368	1,800
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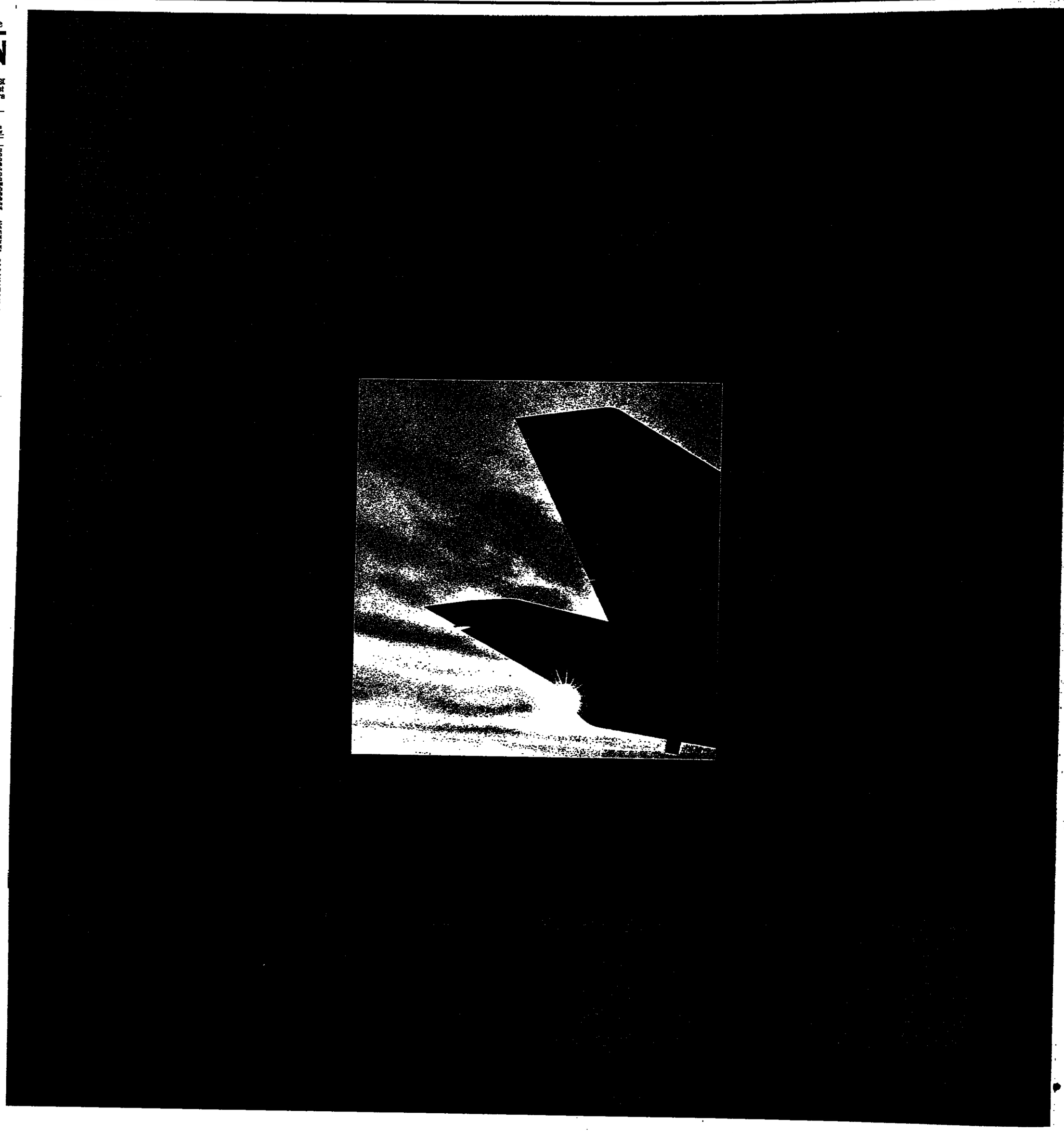
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CAPITAL MARKETS

Investors Fleeing Bonds Ahead of Vote in France

By Carl Gewirtz
International Herald Tribune

PARIS — Anxiety about exchange rates and fears of turmoil that could follow the French referendum on European economic and monetary union later this month are driving investors out of bond markets and into the refuge of cash, preferably Deutsche marks — which do not pay the highest rates but do provide the greatest security for capital preservation.

The DM bond market continues to draw support, but other European bond markets are suffering from an absence of buyers and a surfeit of sellers. That leaves only domestic institutional investors, who can afford to be indifferent to possible exchange-rate realignments, willing to buy long-dated paper. And even they show no enthusiasm, fearing still further deterioration in bond prices in the run-up to the Sept. 20 vote in France.

Only in Germany have bond prices risen.

The most badly hit market is paper denominated in European currency units, the future single European currency if monetary union is achieved.

Ecu bonds lack the support of any home market. And with investors only seeking to sell what they own, market-makers are unable to perform their function of standing between buyers and sellers.

Since end-May, when sentiment was still high that monetary union would lead to a convergence of rates of inflation and interest rates, the decline in prices has pushed up yields on 10-year Ecu bonds by a massive 123 basis points, or 1.23 percentage points, to 9.8 percent.

DURING the same period, eroding confidence and falling prices have driven yields substantially higher throughout Europe: Up 67 basis points in France, 70 points in Britain, 93 in Spain, 95 in Denmark and 137 in Italy.

Yields on guilder bonds are up only three basis points and in Swiss francs only 12 basis points, reflecting their refuge status as a close link to the Deutsche mark.

Only in Germany, the one country certain to revalue its currency if there is a realignment, have bond prices risen, nudging the yield on 10-year paper down two basis points to 7.89 percent.

At present, the DM sector is the only European sector of the international capital market still functioning.

Earlier this year, the favored ploy of institutional investors was to buy European bonds and hedge the currency exposure into dollars. The expectation was that European bond prices would soar as monetary policy was eased and that the dollar would recover as the interest-rate gap with Europe narrowed.

This has been disastrous. As shown above, virtually all European bond prices have fallen and so has the dollar. The unwinding of the currency hedges has no doubt played an important role in pushing the dollar down, at a time when interbank traders claim not to be taking speculative positions against the dollar.

The favored trade now, portfolio managers report, is to borrow dollars at 3.5 percent interest to buy U.S. bonds paying interest around 7 percent for a net a profit of about 3.5 percent, and invest cash in DM deposits paying 9.5 percent, making a total return on this operation of 13 percent.

Economists Offer Dismal U.S. Outlook

By Louis Uchitelle
New York Times Service

NEW YORK — For the third time in three years, the most prominent U.S. economic forecasters have reversed themselves, and they now say the recovery they had expected by late summer will not happen until this winter — if then.

New blows to the American economy are announced almost daily.

[On Sunday, the Association for Manufacturing Technology said orders for U.S. machine tools fell 2.8 percent in July from June, to $205.6 million, Bloomberg Business News reported. The decline reflected a 31.5 percent fall in exports, which overcame a 3.2 percent rise in domestic orders, to $180.6 million. The overall figure followed a 32.9 percent June surge and was 6.4 percent higher than the July 1991 orders total.]

Some economists acknowledge their forecasting techniques might not be adequate to foresee accurately when the stagnation that has afflicted the United States for more than three years will come to an end.

That view shows up in public comments by Alan Greenspan, chairman of the Federal Reserve Board. It is reflected in the August survey of 50 forecasters polled monthly by Blue Chip Economic Indicators. And it showed up in interviews with economists who had predicted earlier this year that the economy by now would clearly be on its way to recovery.

"I am far more wary today than I was a few months ago of predicting how an economy in the midst of structural change is going to perform," said Stephen S. Roach, an economist at Morgan Stanley & Co. He had said in the spring that by now a recovery would be under way.

The prolonged stagnation is an issue in the presidential election campaign, of course. But in all their economic proposals neither President George Bush nor Governor Bill Clinton of Arkansas has embraced either of the two principal solutions offered by economists.

One is to let the stagnation run its course; once consumers and corporations work off their debts, they will borrow and spend again, and that process cannot be artificially rushed.

The other argues for an artificial stimulant: Government should spend billions of dollars on public works, driving up the deficit in the process, but putting people to work with new wages to spend. Companies would then invest and expand to satisfy the growing demand.

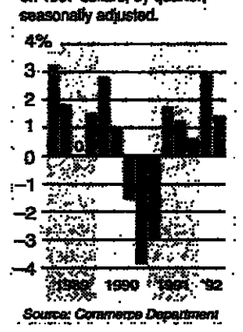
The problem with the first solution is that the wait could be long. The business cycle is not functioning as it has since World War II — lifting the economy, then easing it into recession and then lifting it again in a familiar pattern of alternating, and more or less predictable, waves and troughs.

Since mid-1989, the gross domestic product has risen each quarter at an annual rate of less than 2 percent.

Not since World War II has the economy been so weak for so long. The forecasts of recovery have mostly said that in six to nine

See PREDICT, Page 11

Economic Growth
Annual rate of change in U.S. gross domestic product based on 1987 dollars, by quarter, seasonally adjusted.



Source: Commerce Department
NYT

At Fed Conclave, a Sea Change on Growth Ideas

By Lawrence Malkin
International Herald Tribune

JACKSON HOLE, Wyoming — More than a dozen years ago, economists and officials met in isolated watering holes such as this one to talk about high taxes, rigid regulations and soaring inflation. The result was the free-market doctrine that became known as supply-side economics.

Now that economic growth in the 1990s has become stubbornly sluggish, the pendulum is swinging back toward investment, education and other publicly financed keys for governments to raise long-term growth that have been advanced by Governor Bill Clinton of Arkansas in the Democratic presidential campaign.

After a decade of low U.S. public investment and tax-cutting that has failed to raise savings, these proposed new public policies were the focus of the Federal Reserve Board's annual symposium for a select group of economists and central bankers here at the weekend. Studiously nonpartisan, Thomas E. Davis, research director of the host Federal Reserve Bank of Kansas City and planner of the conference, admitted he had a hidden agenda.

Mr. Davis said he was only too happy to have academic economists, some of whom fax their ideas direct to Mr. Clinton's headquarters, provide the theoretical underpinning for other ways of making an economy grow than demanding that the Fed take another whack at interest rates. A notable last-minute cancellation came from Michael J. Boskin, chairman of the president's Council of Economic Advisers, who frequently jawbones the Fed for lower rates.

Alan Greenspan, the Fed Chairman, who as a conservative counterweight curbed some of the supply-side ideologues when he helped draft Ronald Reagan's campaign speeches in 1980, lent his weight to the conference by moderating the opening session. He inaugurated it by declaring, "We need to know much more about the long-term results of short-term policies."

Although billed as a meeting on worldwide problems of long-term growth, the focus was largely American. Norbert Walter, chief economist of Deutsche Bank, said he expected no less in an election year but participated because he found it essential to know "what the Americans are thinking." His fundamentals for long-term growth involve migration, fertility, public investment and stable government policies. He cited the 50 percent rise in private investment following the announcement of Europe's 1992 program as an example that might be repeated in America if the North American Free Trade Agreement becomes law.

"Sound, stable and credible macroeconomic policy rules that allow economic agents to take a long-term view" were stressed by Kumiharu Shigehara, the former Bank of Japan official who now is the chief economist at the Organization for Economic Cooperation and Development. No American seriously disagreed with him, but few stressed the need to cut the budget deficit.

Aside from a few supply-side holdovers, most of the Americans took as their starting point the doctrine of the U.S. Nobel laureate, Robert M. Solow, who demonstrated that economic growth depends on technical innovation.

How best to achieve it? Lawrence Summers, chief World Bank economist and an economic adviser to Michael Dukakis, the Democratic candidate in the last presidential campaign, argued that steady economic policies alone would not speed up America's slow growth in productivity, nor would cutting the deficit.

He argued for increased investment and startled the meeting by announcing that statistics in 47 countries showed that every percentage point of total output switched

See GROWTH, Page 11

Deutsche Bank Calls for Easing

International Herald Tribune

JACKSON HOLE, Wyoming — Norbert Walter, chief economist of Deutsche Bank, is urging the German central bank to raise its money supply targets and thus enable itself to ease credit and lower interest rates.

In an advance copy of a Deutsche Bank research paper, which was to be released next month but was distributed at the Federal Reserve Board conference here, Mr. Walter pointed out that despite fundamental changes in the German economy since the mid-1980s, the Bundesbank's money supply target has remained between 3 percent and 6 percent.

He recommended that in order to exploit the potential of the expanded German economy and its enlarged work force following unification, the target should be raised to about 7.5 percent. He said specialists at Germany's universities — who are starting to criticize the central bank — should explain its actions fully to help it keep its credibility.

Mr. Walter added that if the Bundesbank kept too low a target for money supply, the country would have thrown away a unique opportunity to exploit its growth potential and likewise have transmitted the slow-growth policies to the rest of Europe.

Monetary Warning In France

Bérégovoy Says Treaty Rejection Would Harm EMS

Reuters

PARIS — Prime Minister Pierre Bérégovoy, seeking to bolster sagging French support for the Maastricht treaty on European economic, monetary and political union, warned on Sunday that a "no" vote in a referendum next month could spark a European monetary crisis.

The French prime minister, speaking after a week in which opinion polls have shown the French could vote "no" in the Sept. 20 referendum, also said rejection could cause a damaging split between France and Germany.

The surveys showed many French people worried about the economic implications of the treaty and fearful for the country's national sovereignty and identity.

In a television interview, Mr. Bérégovoy said that while the French franc would not be jeopardized, a victory for "no" voters would strike a blow at European Community economic and monetary coordination. In his previous position as finance minister, Mr. Bérégovoy was a leading proponent of a strong French currency, a policy known as *franc fort*.

Mr. Bérégovoy said that by rejecting the creation of a single EC currency, opponents of the accord were calling into question France's membership in the European Monetary System.

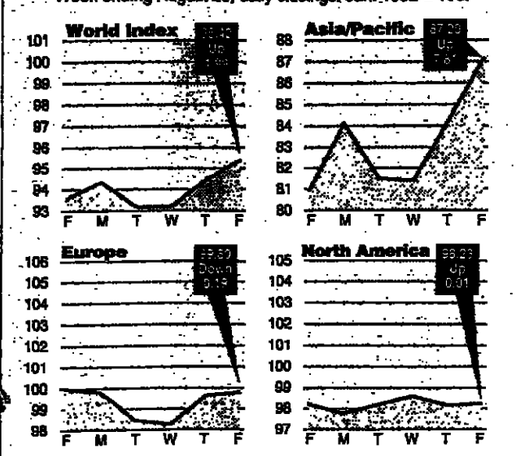
He said current strains within the EMS were caused not by constraints imposed by the system's currency grid but rather by the falling dollar, which he attributed to U.S. policies.

Referring to Germany, he said unification had made it necessary "for Germany to be solidly tied to the European wagon."

"The Germans, who we are asking to reduce interest rates as soon as they can, are going to say 'You don't want Europe, we're going to take care of ourselves'," he said.

THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News.
Week ending August 28, daily closings. Jan. 1992 = 100.



Industrial Sectors/Weekend close

	8/28/92 close	8/21/92 close	% change		8/28/92 close	8/21/92 close	% change
Energy	97.56	96.60	+0.99	Capital Goods	98.73	97.93	+0.82
Utilities	94.66	90.16	+5.21	Raw Materials	101.31	100.40	+0.91
Finance	85.23	80.64	+5.69	Consumer Goods	98.41	97.79	+0.63
Services	100 78	100.14	+0.64	Miscellaneous	101.43	102.37	−0.92

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, *and* Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. *In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.*

CURRENCY RATES

Cross Rates Aug. 28

	$	£	DM	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.587	3.1455	1.1278	0.3387	0.1473 *	——	5.4464 *	1.2599	1.2545 *	1.3265	1.755 *
Brussels	29.145	57.5225	20.625	6.042	2.6971 *	18.2925	——	23.045	0.3248	24.3725	32.235*
Frankfurt	1.4067	2.789	——	0.293	0.1309 *	0.8867	4.848 *	1.117	1.128 *	1.1787	1.538 *
London (a)	1.982	——	2.7967	9.5082	2.338.59	3.1449	57.593	2.4519	264.48	2.3715	103.15
Madrid	91.421	181.392	64.999	19.84	8.473 *	57.628	3.3571	72.72	74.865 *	76.381	——
Milan	1,076.69	2,134.48	765.15	234.15	——	678.49	37.102	855.49	8.716	899.55	11.779
New York (a)	——	1.983 u	1.4885	4.76	1,026.80	1.5883	29.065	1.2804	123.05	1.3948	91.48
Paris	6.8915	9.319	3.4138	——	0.4461 *	3.8267	0.1455	2.6198	2.891 *	4.8714	5.352*
Tokyo	134.65	267.59	88.72	28.83	11.162	79.21	4.3872	99.14	——	104.32	1.367
Toronto	1.3978	2.3726	0.8492	0.2494	0.1111 *	0.7538	4.116 *	0.9497	0.9772 *	——	1.31 *
Zurich	1.2605	2.4957	0.8962	0.2625	0.1171 *	0.7951	4.3377 *	——	1.0215 *	1.0535	1.3755*
ECU	1.4484	0.7266	2.8259	6.9161	1,538.45	2.2851	41.7898	1.8186	177.246	1.724	131.683
SDR	1.4767	0.7458	2.8861	N.A.	1,572.38	2.3458	42.8284	1.8634	182.478	1.7758	135.163

*Closings in Amsterdam, London, New York, Toronto and Zurich. Fixings in other centers. a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argentine peso	0.99	Greek drac.	175.25	Mex. peso	3083.51	S. Kor. won	787.60
Austral. $	1.3957	Hong Kong $	7.729	N. Zealand $	1.8458	S. Afr. rand	2.7468
Austr. schil.	9.911	Hung. forint	74.15	Norw. krone	6.548	Swed. krona	5.145
Brazil cruz.	4833.00	Indian rupee	28.571	Phil. peso	23.03	Taiwan $	24.98
Chinese yuan	5.3929	Indo. rupiah	2027.04	Polish zloty	12791.	Thai baht	25.28
Czech koruna	29.07	Irish £	0.5836	Port. escudo	122.48	Turkish lira	4874.03
Danish krone	5.443	Israeli shek.	2.3415	Russian ruble	285.00	UAE dirham	3.6727
Egypt. pound	3.3325	Kuwaiti dinar	0.2935	Saudi riyal	3.7495	Venez. bolív.	68.23
Fin. markka	3.8819	Malay. ring.	2.489	Sing. $	1.5995		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9700	1.9578	1.9442	Canadian dollar	1.1979	1.1972	1.2005
Deutsche mark	1.4151	1.4231	1.4304	Japanese yen	122.63	122.65	122.65
Swiss franc	1.2628	1.2675	1.2719				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Barcelona Notebook

As KIO Quits Spain, the Name de la Rosa Is Heard in U.S.

The financial quagmire in which the Kuwait Investment Office has found itself in Spain has focused attention on one of the country's most controversial entrepreneurs, Javier de la Rosa. The KIO's Spanish power broker through the 1980s, Mr. de la Rosa was the key figure behind the innumerable acquisitions, mergers, state subsidies and divestitures involving KIO since it first invested in Spain in 1984.

In May of this year, Mr. de la Rosa broke his relations with the organization. A few weeks later, two of KIO's main Spanish affiliates filed for protection from their creditors with combined debt of $1.6 billion. The Kuwait government agency's Spanish empire, headed up by Grupo Torras SA, began to teeter.

Nobody knows for certain how much money KIO has invested in Spain, how much it has made or lost, how much it owed, nor how much Mr. de la Rosa has made along the way. The estimated figures and the scale of the financial engineering are perplexing. According to some, Grupo Torras had a loss of just under $400 million in 1991, as opposed to a $32 million profit registered with the stock market commission, and has a total debt estimated at more then $1 billion.

The sorry story began to come to a close with the change of management at KIO's headquarters in London and an unwillingness to bail out its Spanish investments. Mr. de la Rosa abandoned the sinking ship after selling his 7 percent holding in Torras but is still implicated to the KIO affair — some prefer to call it a scandal.

In mid-July came a sudden and curious $2.5 billion bid for KIO's Torras operation from Mr. de la Rosa, faxed to the Kuwaiti finance minister. The bid mysteriously found its way onto the pages of the Financial Times and was withdrawn immediately afterwards. Was this a serious bid, or merely a public-relations exercise? Some relate it to the current power struggle in the Kuwaiti government, others to a desire by Mr. de la Rosa to demonstrate internationally that Torras is still worth a lot of money, and that its previous management was indeed sound.

The role played by Mr. de la Rosa in the management of KIO's Spanish investments had always caused some unease. The early 1980s were a period of penance for Mr. de la Rosa, following his association with the failure of an ambitious fresh-food project in southern Spain, burdening Banco Español de Credito with losses estimated at up to $1 billion. Then began Mr. de la Rosa's rise with KIO. Torras was floated on the stock market in 1987 and withdrawn less than three years later. In exchange for Torras shares, investors were offered cash and shares in its real estate affiliate, Prima Inmobiliária SA. During 1989, the share price of Prima doubled, while Torras dropped to 30 percent of its 1987 high: the deal went through at the optimum moment.

What is next for Mr. de la Rosa, still only 42 years of age? Three weeks ago, the U.S. bankruptcy court in Phoenix, Arizona, declared CK Acquisitions the winner of an auction for the purchase of Circle K Corp., the U.S. convenience-store chain. The deal is expected to be completed soon. CK Acquisitions, which includes the ex-Kuwaiti finance minister Sheikh Ali al-Khalifa al-Sabah, is 11 percent-owned by Grand Tibidabo SA, the main investment vehicle of Mr. de la Rosa, whose is both main shareholder and president.

Banking on the Press

Another of Spain's celebrated young entrepreneurs of the 1980s who has seen his star rating decline in recent months is Mario Conde, president of the Banco Español de Credito's banking and industrial conglomerate. Mr. Conde is a man of considerable ambition who regularly adorns the pages of the glossy Hola! magazine — often believed to be the guide to the politics of power in Spain.

Mr. Conde, 43, began negotiations last year on the creation of a multimedia empire with Javier Godó, owner of the Barcelona-based newspaper, La Vanguardia, and president of the private television station, Antena 3 de Telvisión. These talks resulted in messy and ambiguous agreements, but the final nail in the coffin was only hammered home in June of this year. Mr. Conde has linked up with Grupo Zeta and Rupert Murdoch to mount a sudden coup, wresting control of the television station and ousting Mr. Godó.

Few commentators could see the commercial sense of a bank becoming involved in an unprofitable television station, and Mr. Conde was accused of treating Banesto as if it were his own personal empire. Others saw the move as a vehicle for specific interests. Mr. Conde is being portrayed as a right-wing hope to become Spanish prime minister, the only man capable of succeeding the charismatic Felipe González, who came to power 10 years ago. There can be few better political launching pads than a television station, if indeed Mr. Conde does nurture such visions of grandeur.

Olympic Booby Prize

The Summer Olympics in Barcelona were accompanied by a wave of euphoria in Spain. Not only was the organization exemplary — which many felt would help banish the image of a country that lives for its fiestas and siestas — but the Spanish Olympic team won an unprecedented number of medals. One of the most obvious winners was Juan Antonio Samaranch, president of the International Olympic Committee, who succeeded in getting the games to his home city. But Mr. Samaranch, as president of Caja de Pensiones, Spain's second-largest financial institution, was also a loser. La Caixa offered generous pension and life-insurance contracts to every Spanish medal winner. The cost was far higher than expected: $55 million.

Brian McGarry

Sweden Sags: The Worst Is Yet to Come

By Erik Ipsen
International Herald Tribune

LONDON — Sweden rallied once again last week to the defense of its chronically weak currency, but the government now must face the domestic consequences of that victory. Having saved its currency by boosting interest rates that were already among the highest in the industrialized world, Sweden has solved one problem at the expense of worsening a host of others.

"The outlook is pretty black, in the short run at least," said Nils Lundgren, chief economist with Nordbanken AB in Stockholm.

With domestic demand still falling, unemployment soaring and the minority government seemingly powerless to stop the slide or do much of anything at this point, economists said that the worst was yet to come for the depressed Swedish economy.

Once lauded for having one of the world's lowest unemployment rates, joblessness in Sweden today stands at 5 percent. Adding those individuals employed in special state-supported work programs, that figure rises to close to 10 percent. Worse, large-scale unemployment now looks set to become a permanent fixture in a land where 99 out of every hundred workers traditionally found employment. "We will never go back to one percent unemployment," said Mr. Lundgren.

On the flip side, having grown accustomed to some of the highest inflation rates in Europe after suffering price rises averaging 8 percent over the last 15 years, Sweden today boasts a rate slightly less than 2 percent.

As elsewhere in Europe, the costs of that progress have been immense. Driven by market fears that sooner or later the Swedes will revert to form and devalue their currency in an attempt to reverse the rise in unemployment, the krona remains chronically weak. "Since Sweden is in a deep recession, the risk is that it will change its policy mix towards stimulating the economy," said Darren Cullen, an international economist with Salomon Brothers in London.

Last Wednesday's brutal 3 percentage point rise in interest rates was just the latest of a series of attempts to convince the markets of the government's unswerving devotion to its anti-inflationary course.

Many analysts compared Sweden's predicament with that of Britain, where the need to defend a weak currency runs counter to the need to boost the economy out of recession. In

'We will never go back to 1 percent unemployment.'
Nils Lundgren, chief economist, Nordbanken

Britain, many businessmen and economists rail at the high cost of borrowing with real interest rates of 6 percent.

In Sweden they wish they were that lucky. Real interest rates are now more than double those of Britain. "With these enormous real interest rates we have, of course there will be no investment," said the chief economist for a Stockholm brokerage.

The high cost of borrowed money, compounded by fears of rising unemployment, has sent Swedish consumers scurrying from shops in favor of locking their money away in the bank. Retail sales fell by 5 percent in May and dropped by 6 percent in June.

Big-ticket items like housing have been even harder hit. Nordbanken's Mr. Lundgren referred to the "catastrophe" in the building sector, where residential construction has fallen by 30 to 40 percent in each of the last two years.

To date, the only area where demand has held up well has been in exports, which have actually managed to grow slightly in the last year.

The anomaly of a desperately weak domestic economy and stable exports is mirrored in the stock market. While export-oriented sectors such as pharmaceuticals and engineering have held up well, others more closely tied with the domestic economy have been devastated. Banking and property-related related stocks have fallen more than 50 percent this year.

Sweden's relatively strong exports, coupled with the steep fall in demand for imports, has given Sweden one of the world's largest trade surpluses, totaling 45 billion kronor ($8.75 billion) last year.

But in Germany and Britain, two of its three largest export markets, Swedish manufacturers now face slumping demand. In the third, the United States, that weak demand is now compounded by the fall of the dollar.

Not only does that hit the sales of Volvos and Electrolux appliances in America, but it also makes life far more perilous for Sweden's large paper and board producers in export markets around the globe.

At this point, Sweden's minority government led by Prime Minister Carl Bildt faces difficult decisions and an ever tougher struggle to get those decisions enacted into law in parliament. Plans to cut deeply into Sweden's immense public sector remain stuck on the drawing board.

But the one thing that industrialists, the unions and even the opposition Social Democrats do not question is the correctness of their government's pledge to avoid devaluing its currency, something that Sweden once did almost routinely.

"It is true that the government may be losing its grip, but we do not have a Social Democratic alternative or anyone else waiting to come in and devalue," said one Swedish economist.

Unfortunately, there is also not an abundance of support among politicians for tackling the government's ballooning deficit. At the time the budget was announced in January, the government estimated the shortfall at 71 billion kronor. This week most economists reckoned it would be twice that figure and one recent study predicted a deficit of 180 billion kronor.

Air France to Help Vietnam

Reuters

PARIS — Air France said on Sunday it would help Vietnam overhaul its aging fleet of commercial planes and might take a stake in its former colony's fledgling airline.

The chairman of the state-owned French airline, Bernard Attali, and the managing director of Vietnam Airlines, Nguyen Hong Nhi, agreed on the measures in an accord signed on Saturday in Hanoi, Air France said.

France, apparently convinced Washington will drop an embargo on trade and investment with Vietnam after U.S. elections in November, has recently stepped up its efforts to woo the former colony. In addition to helping Vietnam Airlines renew its outdated fleet of planes, Air France said it would help train the Vietnamese company's workers and service its aircraft.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Aug. 28

Dollar Straights

Governments / Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
African Dev Bk	7¾	02	104¾	7.26	+56
Aidc	8⅝	96	108	5.96	+76
Alberta Prov	7⅝	98	104⅞	6.63	+50
Asfinag	7¾	02	101½	7.14	+48
Asian Dev Bk	8	99	107½	5.95	+51
Asian Dev Bk	7½	98	104⅝	6.55	+45
Asian Dev Bk	9⅛	95	115⅝	6.83	+63
Asian Dev Bk	7½	02	102⅞	7.18	+44
Australia	11	95	114	5.34	+46
Australia	11½	95	116½	5.57	+71
Australia	11⅜	96	122⅝	6.84	+78
Australia	11¼	00	115	5.83	+115
Austri Control	9	95	110¼	5.21	+39
Austri Control	7½	96	105⅞	5.57	+13
Austri Control	8¼	96	108⅞	5.63	+41
Austri Control	9⅝	00	113½	6.84	+41
Austri Control	8⅝	01	107⅞	7.02	+49
Austria	10	95	116	6.49	+82
Austria	11¼	95	113½	5.88	+59
Austria	9⅛	96	110	6.44	+56
Austria	7⅝	96	106⅛	5.65	+52
Austria	7⅝	97	106⅞	5.98	+48
Austria	8½	00	109⅝	6.75	+40
Austria	8⅝	00	110½	6.77	+42
Austria	7⅝	02	104⅛	7.25	+56
Austria	8½	03	108⅝	7.26	+49
Austria	7⅛	04	99⅝	7.27	+46
Austria	9⅛	06	117⅞	7.40	+56
B F C E	7⅝	96	107⅛	5.79	+51
Belgium	8	97	107⅜	5.95	+46
Belgium	8⅝	98	110⅝	6.39	+47
Belgium	9⅝	98	115.025	6.45	+47
Belgium	8⅝	01	108⅛	7.11	+49
Belgium	9⅝	10	113¼	7.79	+73
Bfce	7⅝	95	111⅜	5.38	+46
Bfce	9⅝	96	112½	5.74	+47
Bfce	7¾	97	106¾	5.98	+47
Brit Columb	7¾	02	103¼	7.21	+49
Cnd	9⅝	95	110⅝	5.94	+61
Canada	10	95	113⅛	5.32	+39
Canada	9	96	110⅝	5.43	+40
Ccce	11¾	97	115	6.14	+132
Ccce	12⅝	95	116	6.16	+158
Ccce	9⅝	96	109⅝	4.95	+40
Ccce	8⅝	98	111⅞	6.72	+41
Cepme	7⅝	96	103⅛	4.84	+98
Cne	11⅜	95	114⅞	5.11	+59
Council Europe	8⅝	96	107½	5.80	+56
Council Europe	9⅝	96	111⅞	5.42	+56
Cr Foncier	9⅛	95	111⅞	5.30	+42
Cr Foncier	9⅝	99	114⅝	6.42	+46
Danish Exp Fin	10⅛	95	112½	6.20	+128
Denmark	8⅝	95	108⅝	5.07	+54
Denmark	9⅛	95	109⅝	4.98	+39
Denmark	7⅝	95	104¾	5.90	+59
Denmark	6⅝	97	101⅝	5.85	+34
Ecsc	9⅝	96	107½	5.10	+86
Ecsc	9½	98	114	6.43	+58
Ecsc Tr A	8¼	96	108⅝	5.85	+45
Edc Apr	7⅝	02	104⅝	7.10	+40
Edf	9	98	111⅜	6.38	+48
Edf	9⅝	98	113⅞	6.47	+48
Edf	9½	99	114⅝	6.63	+46
Edf	7⅝	06	101⅞	7.66	+76
Eec	10⅝	95	107½	5.54	+139
Eec	11⅛	95	107½	5.51	+141
Eec	9⅝	96	111⅞	5.59	+56
Eec	8⅛	96	108½	5.69	+58
Eib	10	97	116	5.91	+33
Eib	11	95	113⅞	4.97	+42
Eib	11⅝	98	116	6.76	+63
Eib	12	95	116⅝	5.64	+41
Eib	12	95	116	5.94	+140
Eib	7⅝	96	106⅝	5.88	+67
Eib	7⅛	96	104⅝	5.62	+31
Eib	7	97	104½	5.83	+28
Eib	9⅛	97	113⅝	6.85	+25
Eib	9⅝	97	114	6.03	+30
Eib	8⅝	98	111⅞	6.30	+31
Eib	9	98	111½	6.46	+56
Eib	8½	99	110⅝	6.46	+33
Eib	8⅝	99	115½	6.98	+42
Eib	8⅛	99	112⅝	6.92	+30
Eib	9⅛	00	114⅝	6.75	+32
Eib	9⅝	00	107⅞	6.75	+32
Eib	7½	01	103⅝	6.92	+37
Eib	8	01	106½	7.01	+37
Eib	7⅝	02	101⅝	6.92	+26
Eib Mar	7⅝	99	103⅝	6.38	+22

(The remaining bond tables — further Dollar Straights, Banks & Finance, Global Corporates, High Yielding Debt, Dollar Zeros, Floating Rate Notes in Deutsche Marks, Pounds, Dollars and Ecus — and the MUTUAL FUNDS listings, "Figures as of close of trading Friday, Aug. 28." are printed in small, heavily degraded type.)

MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 28.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

Fund	Bid	Ask
AAL Mutual:		
Bond p	10.47	10.99
CaGr p	14.17	14.88
MuBd p	10.68	11.21
AARP Invst:		
CaGr	30.48	NL
GinM	16.13	NL
GthInc	28.61	NL
HQ Bd	16.34	NL
TxFBd	17.88	NL
ABT Funds:		
Emrg p	10.40	10.92
FL TF	10.98	11.44
Gthinc p	10.08	10.58
Utilin p	12.89	13.53
AHA Funds:		
Balan	12.20	NL
Full	10.73	NL
Lim	10.55	NL
AIM Funds:		
AdlGv p	9.90	10.21
Chart p	8.22	8.70
Const p	12.00	12.70
CvYld p	12.77	13.41
HiYld p	5.72	6.01
IntlE p	9.19	9.72
LimM p	10.21	10.31
Sumit	9.38	
TF Int	10.53	10.86
Weing p	16.14	17.08

(Continued on next page)

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هكذا من الأصل

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Auxiliaire de Crédit Foncier	$300	2002	⅛	100	—	Below 6-month Libor. Minimum interest 5%, maximum 10%. Noncallable subordinated notes. Fees 0.50%. Denominations $10,000. Increased from $200 million. (Paribas Capital Markets.)
Mizuno Finance Netherlands	$ 50	1997	½	100	—	Over 6-month Libor. Noncallable. Fees 0.25%. (Banca del Gottardo.)
Shearson Lehman Brothers Holdings	$175	1995	¾	99.85	—	Over 3-month Libor. Noncallable. Fees 0.25%. Increased from $125 million. (Lehman Brothers Int'l.)
Z-Laenderbank Bank Austria	$150	2002	⅛	99.85	—	Below 3-month Libor. Minimum interest 5%, maximum 10%. Noncallable subordinated notes. Fees 0.50%. Denominations $10,000. Increased from $100 million. (Lehman Brothers.)
Fixed-Coupons						
Amoco Canada Petroleum	$250	2002	7¼	101.915	100.40	Reoffered at 100.24. Noncallable. Fees 2%. (Goldman Sachs Int'l.)
Banco Quilmes	$ 20	1994	10	99.558	—	Semiannually. Noncallable. Fees 1%. (Chemical Investment.)
Banque Nationale de Paris	$ 50	1997	6	101.075	99.95	Reoffered at 99⅝. Noncallable. Fees 1⅜%. (BNP Capital Markets.)
Telebras	$100	1997	10⅝	97.83	—	Noncallable. Fees 1⅝%. Denominations $10,000. (Merrill Lynch Int'l.)
Crédit National	DM 300	1997	8½	101½	99.55	Noncallable. Fees 2%. (Dresdner Bank.)
Deutsche Finance	DM 500	1997	8½	102.30	100.40	Noncallable. Fungible with outstanding issue, raising total to 1 billion marks. Fees 2%. (Deutsche Bank.)
General Electric	DM 300	1995	8¾	101.40	99.90	Noncallable. Fees 1⅛%. (J.P. Morgan GMBH.)
General Electric Capital Corp.	DM 90	1994	9⅛	101.15	99.90	Noncallable. Fees 1⅛%. (CSFB-Effectenbank.)
Japan Highway Public Corp.	C$ 300	2002	7⅝	101.495	99.70	Reoffered at 99.82. Noncallable. Fees 2%. (IBJ Int'l.)
State Electricity Commision of Victoria	Aus$ 25	2003	9¼	99.90	98.90	Noncallable. Fungible with outstanding issue, raising total to Aus$125 million. Fees 2%. (Hambros Bank.)
NEC Corp.	Y 20,000	2000	5.60	101¾	—	Reoffered at 100.15. Noncallable. Fees 2%. Denominations 10 million yen. (Daiwa Europe.)
NEC Corp.	Y 20,000	2002	5.70	101¾	—	Reoffered at 99.425. Noncallable. Fees 2%. Denominations 10 million yen. (Nikko Europe.)
Nichii	Y 30,000	1998	5½	101⅜	—	Reoffered at 100.10. Noncallable. Fees 1⅜%. Denominations 10 million yen. (Nomura Int'l.)
Equity-Linked						
Shinogawa Fuel	ECU 70	1996	6	100	100.00	Noncallable. Each 5,000-ecu note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set Sept. 1. (Daiwa Europe.)

Treasuries Becalmed Between Conflicting Storms

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. government bond market is caught between the bad news of a sinking dollar and the positive implications of American economic growth that is slow at best.

While the ailing currency is limiting the appeal of dollar-denominated assets and preventing the Federal Reserve Board from pushing rates down to aid the slow recovery, the weak expansion means there is little chance inflation will erode the value of fixed-income securities.

Against that backdrop, the Treasury bond market slipped last week, the second consecutive decline after a sparkling rally that began in July. The market bellwether, the 30-year Treasury bond due in August 2022, fell 28/32, to 97 29/32. That raised its annual yield to 7.42 percent from 7.35 percent a week earlier.

The market "was in a state of confusion as it focused on the external picture of the U.S. dollar," said David Alder, fixed-income analyst for Technical Data, a division of Thompson Financial Services. "Despite continued evidence that retail was not selling, the market seriously traded off," Mr. Alder said.

Bonds came under pressure from the beginning of the week as the dollar fell to record lows against the Deutsche mark.

Analysts said the decline in prices occurred despite hopes that the billions of

U.S. CREDIT MARKETS

dollars purchased by European central banks would be invested in Treasuries, particularly in the short end of the maturity spectrum. Short-term bonds also ended slightly lower. The yield on two-year Treasury notes rose to 4.17 percent from 4.06 percent.

The dollar is expected to remain a factor in the market this week, analysts said, but many traders will be looking to the August employment report to be released on Friday for direction.

Analysts predict on average a rise of 183,000 in payroll jobs, after a 198,000 rise in July. Much of the increase, however, will comprise young people hired under a federal summer program enacted after the Los Angeles riots.

The report is likely to show that "the economy maintains a very, very sluggish pace of growth that is inadequate by most standards," said Charles Lieberman, director of financial markets research at Chemical Securities Inc. "That's bullish for the Treasury market," he added.

The unemployment rate is predicted to fall to 7.6 percent from 7.7 percent, although Mr. Lieberman said it "might even increase."

An earlier sign of employment trends is due Tuesday, in the National Association of Purchasing Management's August survey, which includes a jobs index. The overall index is expected to fall to 53.5 percent from 54.1 percent in July; a value above 50 indicates the purchasers expect economic growth.

A mixed sign for the economy was the weekend report on machine tools by the Association for Manufacturing Technology. Although orders in July fell 2.8 percent from June, domestic orders were strong, rising 3.2 percent, and they nearly overcame a 31.5 percent plunge in export orders.

The weak exports are a troubling sign, especially in light of the depressed dollar, but the 8 percent rise in overall orders so far this year, compared with the similar 1991 period, means U.S. industry is still investing in this key sector of capital equipment.

Amid the market turmoil, demand for capital is growing. The Securities Industry Association said companies were likely to raise $1 trillion via bonds and stocks this year, equal to the total of the previous two years. Additionally, if state and local governments keep borrowing at their first-half rate, they will raise a record $226 billion through bonds this year, up from $170 billion in 1991 and beating the record $201 billion of 1985.

Six-month Treasury bills were discounted at a rate of 3.24 percent to yield 3.33 percent, up from a rate of 3.17 percent the week before, while three-month bills ended at a 3.16 rate to yield 3.22 percent, up from a 3.08 percent rate. *(UPI, Reuters, Bloomberg)*

Digital Takes on New Chief and a Load of Debt

By Glenn Rifkin
New York Times Service

NEW YORK — In what some analysts say is the first clear signal of the change in leadership at Digital Equipment Corp., the troubled computer maker has moved toward taking on as much as $1 billion in new debt.

Kenneth H. Olsen, Digital's founder and president, earned a reputation over his 35-year tenure for carefully avoiding debt. In so doing, Digital has long held one of the industry's most pristine balance sheets, with no long-term debt.

But Mr. Olsen resigned in July after a struggle with Digital's board, unable to solve the company's continued woes as profitability remained elusive and costs remained out of control. He is scheduled to step down as president on Oct. 1.

Analysts say that Mr. Olsen's handpicked successor, Robert B. Palmer, has a more practical view of the use of debt to help weather the current cash squeeze, which is expected to cut deeply into the $1.3 billion in cash Digital had at the end of its fourth financial quarter.

The company had a loss of $2.8 billion, including a $1.5 billion restructuring charge, for the 1992 fiscal year, which ended June 27.

Digital has now filed for a shelf registration with the Securities and Exchange Administration to offer $1 billion in debt securities. It is expected to use the proceeds from future sales of its debt securities for restructuring and capital expenditures and additions to working capital.

"Digital has historically underutilized debt," said Marc Schulman, a consultant with Technology Strategies Group. "It is strange to criticize a company for not being enough in debt, but in Digital's case, it is appropriate."

Digital's debt-to-capital ratio is under 2 percent, Mr. Schulman said, by far the lowest in the computer industry. "This is the first clear indication of a change at the top, because Ken Olsen was simply philosophically opposed to using debt," he added.

Brad Allen, director of investor relations, insisted that the shelf registration was no reflection of the leadership change, saying such registrations take months to prepare and file and that this was in the works well before Mr. Olsen resigned.

"We are not taking on debt here but just indicating a willingness to take it on," he said. "With interest rates coming down as they have, it would be imprudent not to position ourselves to take advantage of very attractive rates."

Analysts agreed it was a good time for Digital to borrow, with current low interest rates. But David Wu, an analyst with S.G. Warburg & Co., added that it should not be interpreted as good news for Digital. "They are using up a lot of cash in restructuring charges and this gives them a cushion in case they need another charge," Mr. Wu said.

Lufthansa Unions Set To Dig In

Reuters

SEEHEIM, Germany — The major transport and public-sector workers' union said Sunday it had gone to the upper limit of its ability to compromise in pay talks with Lufthansa AG and any further demands from the German airline could jeopardize the talks.

Eike Eulen, a union board member, said talks were in an "extremely difficult phase" and the union had reached the "pain threshold of its ability to compromise." Further demands by Lufthansa would lead to "an extremely risky situation."

The opportunity to reach an agreement "should not be endangered," said the board member.

A union spokesman had said the union was willing to agree to a reduction of 8,000 jobs at Lufthansa, as long as layoffs were avoided and the job cuts did not affect employees that had been with the company more than 15 years.

Lufthansa, which has a staff of 50,000, has been negotiating with one union representing ground crews and another representing flight crews since Wednesday.

Lufthansa's supervisory board was scheduled to decide Monday on a two-year plan to save $1 billion Deutsche marks ($710.9 million) on outlays and generate 500 million DM in extra income for the loss-making airline.

BUSINESS BRIEFS

Bulgaria Gets Debt Proposal

SOFIA (Reuters) — Bulgaria has received a proposal from its roughly 300 bank creditors on servicing its $10 billion commercial bank debt, a government spokeswoman said Sunday, but no details were available.

The state news agency BTA quoted the spokeswoman, Nadezhda Mikhailova, as saying the proposal from Deutsche Bank, which chairs the committee of Bulgarian creditor banks, "opens up for the first time a possibility for settlement of the debt." No details were given, but Ms. Mikhailova said the government "is investigating the proposal."

A month ago, Bulgaria proposed starting immediate payments of current interest on the debt and a separate settlement of overdue interest. Its total foreign debt is around $12 billion, but it has already reached agreement with the Paris Club of official creditors on the relatively small share of government debt.

Bulgaria's last communist government suspended foreign debt payments of principal in March 1990 and froze interest payments in June 1990.

Taiwan Said to Plan Stimulus Move

TAIPEI (Reuters) — The Taiwan government plans a package of measures to spur sluggish private investment and stimulate the slowing economy, a leading newspaper reported Sunday.

The measures, which need cabinet approval, include government loans totaling 5 billion Taiwan dollars (about $200 million) to small and medium-sized enterprises, the China Times quoted senior economic officials as saying.

Other measures under consideration include a renewal of expiring tax privileges for industrial companies and a streamlining of environmental regulations, the newspaper said.

China Will Admit 9 Foreign Banks

BEIJING (UPI) — China's central bank is planning to allow the opening of nine foreign bank branches in Chinese cities in the near future, an official newspaper reported Sunday.

The English-language China Daily said the move was aimed at increasing funds available for investment as China's economy expands, fueled by the revival of economic reforms this year. The newspaper quoted Di Weiping, head of the supervision division of the People's Bank of China, as saying the bank was expected in the near future to approve nine foreign banks for branches in four cities.

Among the banks are Britain's Standard Chartered and France's Banque National de Paris, Japan's Yamaguchi Bank and Sumitomo Bank, Hong Kong & Shanghai Banking Corp. and two other Hong Kong banks, Nan Yang Commercial and the Bank of East Asia.

Macao Awards Air Terminal Contract

HONG KONG (Reuters) — A Portuguese-German consortium has won a 1.8 billion pataca (about $230 million) tender to build Macao's airport terminal and to supply and install air navigation and airport equipment, the Portuguese news agency Lusa said Sunday.

The Soares da Costa/Siemens consortium includes the Portuguese construction concern Soares de Costa, which is 16 percent held by Fiat SpA of Italy, and Siemens AG of Germany.

The award was announced late on Saturday by Diogo Pinto, chairman of the Macao Airport franchise company, known as CAM, Lusa said. The other two consortiums competing for the tender were the Portuguese-British Amec/Engil/Gammon/Opca/Somec group and the Hong Kong/French alliance, Hip Hing/Spie Batignolles.

Low Dollar a Curse, and Blessing, for U.S. Firms

By Patrick Oster
Washington Post Service

BRUSSELS — The common wisdom is that the plummeting value of the dollar, which reached record lows last week, is good for U.S. exporters. As the dollar's value falls, American goods become cheaper and more attractive to foreign importers.

But with more and more U.S. businesses involved in a global market, the news is actually both good and bad.

"It's a more complex thing," said Gary Ellis, vice president of finance for the European operations of Minneapolis-based Medtronic Inc., the largest manufacturer of pacemakers and other implantable medical devices. "You have to look at all the aspects."

On the plus side, Medtronic, which relies on Europe for 40 percent of its $1.3 billion in worldwide sales and has a factory here, is enjoying lower costs. Even European costs have dropped because many components used here are U.S.-made and are sold for dollars.

Likewise, when revenues earned in Europe are converted back into dollars before sending profits back to the Minneapolis home office, those European currencies will be worth more dollars. "As a result, our profits are higher," said Mr. Ellis.

But not as high as they might be, he quickly added. Like many large multinational companies, Medtronic months ago hedged against unexpected drops in the value of the dollar. It bought financial instruments such as forward contracts and options, which would increase in value as the dollar declined. This precautionary measure eliminated risks to the company from a falling dollar, but at the same time prevented the company from

> **'It's a more complex thing. You have to look at all the aspects.'**
> **Gary Ellis, vice president, Medtronic**

enjoying a windfall from the stronger European currencies.

"Although the stronger dollar is beneficial to bottom-line profits, we have locked ourselves into rates that were not as beneficial," Mr. Ellis said, referred to foreign-exchange rates. "But they did give us predictability. And for an American company, that's more important."

Other U.S. companies abroad have created overseas operations so self-contained that money coming in is largely used to pay local bills, salaries and expansion costs.

"We are 90 percent self-sufficient," said Michel Petiot, head of Muscatine, Iowa-based Bandag Inc.'s retread tire operations in Europe, the Middle East and Africa. "We produce in Belgium or Denmark and buy in francs or marks. Very few things are done in dollars. The only thing that affects the home office is when we send the profits back."

Honeywell Inc. sells within Europe about 60 percent of what its 11 European factories make. This means that fluctuations in the dollar exchange rate have no impact on the price of these goods. But even the prices of the 40 percent it exports from Europe to the United States or elsewhere are often unaffected by dollar drops.

"Our prices are more strategic than based on costs plus profit," said Bolko Nawrocki, vice president for strategy for Honeywell Europe, which accounts for $150 million in annual corporate profits. "In many cases, we can afford to charge a premium. We don't raise or lower prices with every fall or rise. But over a long period of time, a drop can have a beneficial effect."

Since 1985, the dollar has lost half of its value against Western European currencies. U.S. exports to the European Community surged as a result, rising to $103 billion last year from $49 billion in 1985. Normally, that rising trend would continue this year with the dollar even lower, but Europe is in an economic slowdown.

As a result, U.S. exports to Western Europe actually declined slightly in the first six months of 1992 from the $61.6 billion level reached in the first half of 1991.

"We may get a bigger slice of the pie," said Dave Henson, European spokesman for Caterpillar Inc. "But the pie is likely to be smaller."

In some cases, the pie might stay the same.

"Don't think only about consumer products," said Mr. Nawrocki. "Think about the things industry buys. Most experts suggest the market is currently undervaluing the dollar against the mark."

"That's a less volatile market," he said. "And it's a huge amount of what the United States sells. U.S. airplanes, for example, will become more attractive because the dollar is cheaper."

Hot export items such as Compu-Add mail-order computers, made-in-Detroit Chryslers and Fat City mountain bikes are likely to have the same low-cost appeal.

But a lower dollar poses problems for other industries.

"The low dollar isn't good news for us," said Joe Le Pochat of American Airlines's Brussels office. "Even with low air fares, a lot of people don't want to spend the money to come to Europe and have to pay the equivalent of $300 for a hotel room."

American's costs for jet fuel are stable because the fuel is priced in dollars. But Mr. Le Pochat wonders how long oil-producing countries will wait before trying to raise oil prices.

GROWTH: *A Fed Gathering Looks for Better Ways*

(Continued from first finance page)

into investment in new machinery and equipment for workers would increase total economic growth by about 0.25 percent per year. He recommended increasing tax subsidies for these investments "to restore the magic of an earlier era, when standards of living in the industrialized world doubled in one generation rather than two or more."

Others questioned Mr. Summers's estimates as pie-in-the sky and criticized him for invoking the idyllic postwar period as a unique era when reconstruction raised productivity and growth to unrepeatable rates.

Robert Barro and Lawrence Katz, two Harvard University economists, presented detailed evidence of the unsurprising claim that higher educational attainment and health standards increase a nation's economic growth, but there was little advice on how to improve a primary and secondary educational system that is failing to train workers with the skills needed by American industry, or a health system with expenditure out of control.

All this, summarized Charles I. Plosser of the University of Rochester, advances Mr. Solow's doctrine through "new growth theorists who say that human capital has opened a much wider scope for understanding growth."

Gregory Mankiw of Harvard elaborated a number of "secrets to growth." First, he said, start from behind like Germany and Japan after World War II. Then save and invest — "a lesson that does not bode well for the United States, since it saved only 18 percent of its output in the 1980s, compared to 31 percent in Japan." Finally, he said, educate the young and keep population growth low — a lesson for developing countries rather than the United States because its population is growing slowly.

The slowdown in U.S. growth, he said, stemmed from bad policies but he offered little hope they would be reversed, least of all in this political year. Mr. Mankiw concluded: "Prosperity tomorrow requires sacrifice today. It is the rare politician who will tell these significant truths."

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Aug. 28	Aug. 21	Ch'ge
DJ Indus.	3,267.61	3,254.10	+ 0.42 %
DJ Util.	219.52	220.77	— 0.57 %
DJ Trans.	1,216.28	1,237.55	— 1.72 %
S & P 100	385.38	384.24	+ 0.30 %
S & P 500	414.84	414.84	Unch. %
S & P Ind	487.72	486.45	+ 0.26 %
NYSE Cp	228.43	228.61	— 0.10 %
Britain			
FTSE 100	2,312.60	2,365.70	— 2.25 %
FT 30	1,680.60	1,755.40	— 4.26 %
Japan			
Nikkei 225	17,971.	16,217.	+ 10.82%
Germany			
DAX	1,516.47	1,520.02	— 0.23 %
Hong Kong			
Hang Seng	5,628.60	5,509.39	+ 2.16 %
World			
MSCIP	500.30	485.59	+ 3.03 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Aug. 28	Aug. 21
Discount rate	3.00	3.00
Prime rate	6.00	6.00
Federal funds rate	3 5/16	3⅛
Japan		
Discount	3¼	3¼
Call money	4.00	4⅛
3-month interbank	3⅞	3 13/16
Germany		
Lombard	9¾	9¾
Call money	9.65	9⅝
3-month interbank	9.90	9.90
Britain		
Bank base rate	10.00	10.00
Call money	9⅞	10 1/16
3-month interbank	10⅛	10 7/16

Gold	Aug. 28	Aug. 21	Ch'ge
London p.m. fix, $	340.00	336.90	+ 0.92 %

Euromarts At a Glance

Eurobond Yields

	Aug. 26	Aug. 19
U.S. $, 8 yrs & over	6.98	6.93
U.S. $, 5 to 7 yrs	6.14	6.12
U.S. $, less than 5 yrs	4.98	5.34
Pounds sterling, less than 5 yrs	11.07	10.69
French francs, less than 5 yrs	10.04	9.94
Ital. lire, less than 5 yrs	13.79	13.69
Danish kroner, less than 5 yrs	10.68	10.58
ECU, 8 yrs & over	9.72	9.60
ECU, 5 to 7 yrs	9.90	9.74
Can. $, less than 5 yrs	6.65	6.57
Aus. $, less than 5 yrs	7.43	7.08
N.Z. $, less than 5 yrs	7.12	7.11
Yen, 5 to 7 yrs	5.22	5.25
Yen, less than 5 yrs	4.63	4.61

Source: Luxembourg Stock Exchange.

Weekly Sales Aug. 27

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	62.50	167.00	287.50	376.20
Convert.	—	—	—	17.40
FRNs	467.40	36.20	1,046.50	112.90
ECP	4,031.60	2,433.60	9,284.70	3,516.40
Total	4,561.50	2,636.80	10,538.70	4,022.90

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	11,611.40	20,991.60	18,557.50	23,714.90
Convert.	140.80	487.60	668.30	791.90
FRNs	3,072.20	1,221.80	8,618.60	3,108.80
ECP	4,713.10	5,041.90	3,741.80	9,418.00
Total	19,537.50	27,742.90	31,686.20	37,034.80

Source: Euroclear, Cedel.

Libor Rates Aug. 28

	1-month	3-month	6-month
U.S. $	3 7/16	3½	3⅝
Deutsche mark	9⅝	9⅝	9 15/16
Pound sterling	10 3/16	10¼	10 13/16
French franc	10 5/16	10 9/16	10 11/16
ECU	11¼	11 5/16	11 5/16
Yen	4	3 13/16	3 11/16

Sources: Lloyds Bank, Reuters.

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DOLLAR: *Foreign Exchange Market Now a One-Way Street into Marks*

(Continued from page 1)

the Bank of Italy and its European central bank allies.

The lira was pinned at its floor Friday despite the intervention and broke below it once the central banks left the market, reflecting doubts that Italy would be prepared to back its commitment by yet another increase in interest rates.

Sterling continued to hover perilously close to its floor while the peseta, escudo and French franc remained under pressure.

The guilder, the European currency most closely linked to the mark, had also slightly weakened and the central bank raised a key money market rate Friday. The increase was a modest 10 basis points to 9.7 percent, but it underlined for market participants the unwillingness of the other central banks to push up rates to defend their currencies, fueling doubts about just how far governments are prepared to go to defend existing exchange rates.

The currencies at or near their floor levels should be poised for a powerful rebound since they have nowhere to go but up once the foreign exchange market becomes convinced that there will be no realignment of exchange rates.

But even the strong-stomached say they can afford to wait to buy until just before the election since there is no danger of a rebound before then.

The prevailing attitude is best summed up by Nomura Research's London-based analyst Chris Dillow, who said: "We don't believe that sterling will be devalued, even if this means the government having to raise rates. However, the fact that we cannot be completely confident in this belief means that we would not buy sterling."

The tension in the exchange market drove EC finance ministers to issue a statement ruling out a realignment. But it had no impact on the market.

"They're trying to jawbone the market," said Andres Drobny, foreign-exchange strategist at Crédit Suisse First Boston in London. "They'd say that up to 10 minutes before adjusting rates, they can't say anything else."

■ G-7 Lands Japan Package

Deputy finance ministers from the Group of Seven industrial nations welcomed Japan's $87 billion package to revive its economy but concluded that the outlook for world growth remained worrying, a senior monetary official told Reuters during the meeting in Paris.

He declined to comment on the discussion of interest rates and exchange rates.

PREDICT: *Economists Belatedly Decide U.S. Growth Outlook Is Grim*

Continued from first finance page)

months the economy would be growing at a job-creating annual rate of 2.5 percent to 3 percent. But with each disappointment, the recovery date has been pushed back at least six months.

The forecasters in the Blue Chip survey, for example, had predicted in January that the GDP would be growing by 2.5 percent in the second quarter — not the 1.4 percent growth actually reported. They had also said growth would break 3 percent in the current quarter, but in the August survey, they pushed back this achievement until early next year.

"There is a tendency among forecasters to be too optimistic," said Robert J. Eggert, publisher of the Blue Chip surveys. "If you look at the long-range trend, it is upward: growth with periods of recession. So there is a tendency to look at this trend and to project more growth, and we fail to recognize the forces that will cause the economy to dip below the trend."

The weak growth has made the recession that began in July 1990 and apparently ended in the spring of 1991 — a period in which the GDP shrank — hard to distinguish from the periods of meager growth. Most economists say the GDP must grow at an annual rate of more than 2 percent to make incomes rise and to shrink unemployment, which rose to 7.7 percent in July from 5.2 percent in April 1989.

Two recent events upset the forecasters. The first was the announcement that the unemployment rate had jumped in June to 7.8 percent, from 7.5 percent in May, just when many forecasters thought the economy was on the verge of revival. The second was the announcement that economic growth in the March-through-June quarter fell to an annual rate of 1.4 percent from 2.7 percent in the first quarter.

In hindsight, central bank officials, including Mr. Greenspan, have concluded the actual growth rate this year has been just under 2 percent, a level of weakness that for many Americans has become indistinguishable from recession.

The great hope for months had been that falling interest rates would prompt consumers and companies to resume borrowing and spending, not only for store purchases but also for machinery, appliances and housing. But that stimulant to the economy has not occurred.

Mr. Greenspan said the protracted stagnation was primarily a result of the debts piled up by households and companies in the 1980s.

MUTUAL FUNDS

(Continued)

Fund	Bid	Ask
LimTr	8.05	8.15
MgdG	12.97	13.65
MMun	15.99	16.83
MAMu	12.69	13.36
NJMu	12.92	13.60
NYMu	17.13	18.03
1990s p	9.04	9.52
PrcM	13.61	14.33
PrmRt	11.46	NL
PrinII	8.82	NL
PrinIII	7.79	NL
SmCo	14.36	15.12
Winc p	7.29	7.52
WWPr p	1.89	1.89
Shearson Ports:		
AprPl t	14.73	14.73
Convt t	13.72	13.72
DirVal t	13.12	13.12
DvsInc t	8.59	8.59
Europ t	12.51	12.51
GlbBd t	16.66	16.66
GlbEq t	10.60	10.60
GvSec t	9.75	9.75
GrOpr t	18.55	18.55
HiInc t	11.23	11.23
INVG t	12.11	12.11
Intl t	16.35	16.35
MtgSc t	11.81	11.81
PrcMt t	10.42	10.42
PrmTR t	14.82	14.82
Sectr t	13.59	13.59
ST Glt	7.53	7.53
SplEq t	11.70	11.70
Strato t	16.92	16.92
TxEx t	17.68	17.68
Util t	14.73	14.73
ShrmD	7.07	NL
Sll New Begin:		
Grwth	42.80	NL
IncGr	24.86	NL
IntlGr	10.62	NL
InvRes	9.99	NL
TxFree	9.77	NL
US Gov	10.87	NL
SkySpE p	14.40	NL
Smith Barney:		
Equity p	15.35	16.07
GIGvt	12.62	13.15
IncGr p	12.77	13.37
IncRet	9.72	9.87
INTL	11.84	12.40
MoGvt	13.10	13.65
MuCal	12.38	12.90
MuFL	12.75	13.28
MuLtd	6.59	6.72
MunNt	13.41	13.97
MuNJ	13.32	13.88
MuNY	12.81	13.34
SHTSY	4.16	NL
USGvt	14.23	14.82
Utlty p	12.98	13.59
SoGen	19.59	20.35
SoundSh	unavail	
SAM SC	10.27	NL
SAM Val	13.99	NL
SCMBF	10.56	11.06
SpPtStk	31.16	31.16
Stagecoach Funds:		
AstAl	17.78	18.62
CA TF	10.32	10.81
CpStk	30.31	
GNMA	11.52	12.06
GthInc	13.17	13.79
USGovt	15.45	16.18
StarbrstGv	10.23	10.43
State BondGrp:		
Com St	8.69	9.12
Divers	9.48	9.95
Progrs	13.50	14.17
TaxEx	10.90	11.41
USGv p	5.32	5.60
St FarmFds:		
Balan	29.71	29.71
Gwth	21.87	21.87
Interm	10.67	10.67
Muni	unavail	
StStreet Resh:		
Exc	196.99	196.99
Gth	106.46	106.46
Inv	17.86	18.70
Steadman Funds:		
Am Ind	1.25	NL
Assoc	.62	NL
Invest	1.27	NL
Ocean	2.31	NL
Stein RoeFds:		
Cap Op	22.73	NL
GvtInc	10.58	NL
HYMu	11.65	NL
Income	9.73	NL
IntBd	9.14	NL
IntMu	11.15	NL
MgdM	9.17	NL
PrimE	13.21	NL
Specl	20.48	NL
Stock	24.26	NL
TotRet	26.79	NL
StrGld	unavail	
StratDv	28.35	NL
Strat Gth	19.57	NL
Strong Funds:		
Advtg	10.08	NL
CmStk	12.99	13.26
Discov	14.32	14.61
GovSc	10.49	NL
Inco	9.60	NL
Intl	9.93	10.13
Invst	19.43	19.63
MunBd	10.17	NL
Oppty	21.75	22.19
ST Bd	10.19	NL
STMun	10.18	NL
Total	18.39	18.58
Sun Eagle:		
EqGr	10.03	10.45
GovSec	10.13	10.55
IntFI	10.28	10.71
SunAmerica Fds:		
AgGth p	13.29	14.10
BalAs t	16.03	16.83
CapAp t	12.24	12.24
FedSc t	10.85	10.85
EmGr t	14.45	14.45
GlbIn t	9.42	9.42
Grwth p	13.59	14.42
HiInc t	8.11	8.11
HiYld p	9.59	10.07
TE Insp	12.49	13.11
TotRt p	13.86	14.71
GvIn p	10.03	10.53
USGv t	8.88	8.88
TNE Funds:		
AdjUS	7.58	7.73
Balan p	10.55	11.19
BdInc p	12.30	12.88
GlobG p	12.69	13.29
GrOp p	12.00	12.73
GvSc p	11.91	12.47
Gwth p	9.69	10.36
HiInc p	9.58	10.03
IntEq	12.37	13.12
MasT p	16.49	17.43
Princ p	12.75	13.14
RetEq p	7.09	7.52
TxEx p	7.64	8.00
TRAK Funds:		
IntrFx	8.23	NL
IntlEq	7.73	NL
IntlFx	8.69	NL
LgGrw	8.92	NL
LgVal	8.77	NL
MtgBkd	8.18	NL
Muni	8.24	NL
SmGrw	7.97	NL
SmVal	8.74	NL
THRtn	8.25	NL
Templeton Group:		
AmerTr	11.24	11.24
CapAcc	10.94	10.94
DevMkt	9.72	10.31
Forgn	23.74	25.19
GlbOp	11.32	12.01
Grwth	15.80	16.76
Incom	10.60	11.10
RlEst	10.39	11.02
SmalCo	7.68	8.15
Value	10.03	10.64
World	14.42	15.30
ThirdAve	13.35	14.16
Thomson Group:		
EqInA	10.53	11.14
GlblA	10.19	10.78
GwthA	20.20	21.38
IncoA	8.63	9.06
OporA	18.74	19.83
PrcMtA	7.60	8.04
ShlGvA	9.99	10.30
TExA	11.93	12.52
USGvA	9.60	10.08
EqInB	10.58	10.58
GlblB t	10.08	10.08
GwthB t	20.10	20.10
IncoB t	8.61	8.61
OporB t	18.52	18.52
PrcMtB	7.50	7.50
ShlGvB	9.99	9.99
TExB t	11.92	11.92
USGvB t	9.58	9.58
Thornburg Fds:		
IntMu	12.54	12.99
LtdCal	12.58	12.94
LtdGv p	12.70	12.99
LtMu p	13.18	13.55
NM Int	12.62	13.08
Tower Funds:		
CapAp	14.05	14.71
LA Mun	10.91	11.42
US Gv	10.74	11.25
Transamerica:		
CATFA p	10.51	11.03
CapAp p	10.22	10.73
EmGA p	18.79	19.73
GvInc p	8.51	8.73
GrInA p	12.43	13.05
GvSec p	8.46	8.88
InvQ p	9.39	9.86
TFBd A	10.64	11.17
TrnsamericaSpcl:		
BlChp t	11.24	11.24
EmGB t	18.59	18.59
GvInc t	10.85	10.85
GrInB t	12.44	12.44
HYTF t	9.57	9.57
HiYld t	7.65	7.65
NatRs t	12.20	12.20
Trinity:		
Bond p	10.86	10.86
Equity p	12.36	12.36
ST Bd p	10.31	10.31
TCU Gv	10.03	10.03
20th Century:		
BalInv	15.02	NL
Gift	11.98	NL
Grwth	22.89	NL
HerInv	8.77	NL
IntlEq	6.06	NL
LTBnd	100.48	NL
Select	38.47	NL
TxEIn	103.58	NL
TxELT	106.01	NL
Ultra	14.43	NL
USGv	96.64	NL
Vista	10.24	NL
USAA Group:		
AgvGt	18.97	NL
Balan	11.93	NL
CA Bd	10.49	NL
Cornst	19.73	NL
GNMA	10.44	NL
Gold	6.50	NL
Grwth	17.17	NL
IncStk	13.58	NL
Inco	12.72	NL
Intl	12.22	NL
NYBd	11.32	NL
TxELT	14.80	NL
TxEIt	12.62	NL
TxESh	10.56	NL
VA Bd	10.91	NL
USF&G Funds:		
AxeB p	unavail	
AxeGr p	unavail	
AxeInc p	unavail	
EurE p	unavail	
OTC S p	unavail	
UST Master:		
Equity	16.35	17.12
IncGro	9.52	9.97
Intl	8.31	8.70
IntTE	9.17	9.60
LT TE	9.59	10.04
MgdIn	9.34	9.78
NY TE	8.46	8.86
Unified Mgmnt:		
Gwth	12.70	NL
Indian	9.10	NL
Mutl	17.88	NL
Union Inv:		
Balan	11.07	NL
GrEq	11.77	NL
InIBd	10.85	NL
VlMorn	11.81	NL
United Funds:		
Accm	7.26	7.93
Bond	6.38	6.97
Con Inc	19.16	20.94
GldGv	6.34	6.93
GvtSc	5.32	5.56
HiIncII	4.03	4.40
HI Inc	8.96	9.79
Incom	20.71	22.63
IntGth	6.84	7.48
Muni	7.41	7.74
MunHI	5.24	5.47
NCcpt	8.81	9.63
Retire	7.34	8.02
ScEng	13.09	14.31
Vang	6.00	6.56
Utd Services:		
AllAm	19.10	NL
Euro	4.60	NL
GlbRs	5.69	NL
GldShr	1.92	NL
Grwth	5.51	NL
Inco	13.21	NL
RlEst	9.78	NL
US TF	11.88	NL
WldGld	9.75	NL
USBosF	7.88	7.88
USBosG	16.15	16.15
ValFrg	9.15	NL
Value LineFd:		
AggrIn	7.34	NL
Conv	12.35	NL
Fund	18.57	NL
Incom	7.61	NL
Lev Gt	22.17	NL
NY TE	10.41	NL
Spl Sit	13.49	NL
TaxEx	10.88	NL
US Gvt	13.05	NL
Van Eck:		
GldRs p	unavail	
IntInv	unavail	
STWdC p	unavail	
WldIn p	unavail	
WldTr p	unavail	
VanKampen Mer:		
CATF p	16.80	17.67
Gwth p	19.47	20.47
HiYld p	10.01	10.53
InTF p	19.04	20.02
MunIn	15.45	16.25
PA TF	16.81	17.68
ST GIA	9.52	9.81
ST GIB	9.52	9.52
TxFH p	14.93	15.70
USGv p	15.97	16.79
Vance Exchange:		
CapE	152.88	NL
DBst	82.68	NL
Divrs	158.51	NL
EBos	191.85	NL
ExFd	231.58	NL
FdEx	148.54	NL
ScFid	117.10	NL
Vanguard Group:		
AssetA	13.62	NL
BdMkt	10.04	NL
Convrt	10.89	NL
EqInc	12.91	NL
Explr	37.98	NL
Morg	11.93	NL
Prmcp	14.28	NL
V Pref	9.38	NL
Quant	15.85	NL
STAR	12.48	NL
TC Int	26.43	NL
TCUsa	26.85	NL
GNMA	10.50	NL
HYCorp	7.53	NL
IGCorp	9.08	NL
STCorp	11.08	NL
STFed	10.44	NL
ST Tr	10.41	NL
IT Tr	10.65	NL
LT Tr	10.37	NL
Idx 500	39.38	NL
IdxExt	15.65	NL
IdxTot	10.23	NL
IdxEur	10.22	NL
IdxPac	8.09	NL
IdxInst	40.01	NL
SmCap	12.42	NL
MuHY	10.75	NL
MuInt	12.85	NL
MunLd	10.64	NL
MuLg	10.95	NL
MInLg	12.26	NL
MuSht	15.64	NL
Cal Ins	10.85	NL
NJIns	11.19	NL
NYIns	10.46	NL
OhioIn	11.05	NL
PennIn	10.93	NL
VSPE r	14.16	NL
VSPG r	8.51	NL
VSPH r	34.02	NL
VSPS r	19.40	NL
VSPT r	14.85	NL
VSPU	10.74	NL
Welsl	18.60	NL
Welltn	18.98	NL
Wndsr	12.34	NL
Wnds II	15.57	NL
WldInt	10.13	NL
WldUS	14.75	NL
Venture Advisers:		
IncPl	5.00	5.25
Muni t	9.49	9.49
NY Ven	10.61	11.14
RPFB t	6.71	6.71
RPFE t	23.71	23.71
Vista Funds:		
CapGr	23.68	24.80
GvInc	11.91	12.47
GrInc	25.81	27.03
NY TF	11.50	12.04
TF Inc	11.72	12.27
Volumet	14.87	NL
Voyageur Fds:		
AZIns	10.52	11.04
CO TF	10.45	10.87
GrSt p	17.62	18.49
MNIns	10.23	10.74
MNInt	10.82	11.13
MNTF	12.22	12.85
US Gv	10.72	11.25
WallSt	6.80	7.08
Warburg Pincus:		
CapAp	12.76	NL
EGth	17.06	NL
FlxInc	10.00	NL
GblFxd	10.80	NL
IntEqu	12.70	NL
IntGvt	11.29	NL
NYMu	10.14	NL
Weiss PeckGreer:		
Tudor	22.16	NL
Govt	10.65	NL
Gwth	114.52	NL
GrInc	24.36	NL
Westcore:		
BalInv	18.23	19.09
BasVl	21.80	22.83
BdPlu	16.14	16.90
Eq Inc	10.84	11.35
IntBd	10.46	10.95
LT Bd	11.11	11.63
Midca	13.82	14.47
ModVl	12.78	13.38
OR TE	16.40	17.17
ST Bd	16.00	16.33
Westwood Funds:		
BalInst	10.34	10.77
BalCon	unavail	
EqInst	13.92	14.50
EqCon	unavail	
IntBdI	10.53	10.97
IntBdC	unavail	
WmBlGr	9.14	NL
WmBlIn	10.95	NL
William Penn:		
PennS p	10.40	10.92
PATF	10.98	11.44
US Gov	10.52	11.04
Wood Struthers:		
WinFI t	10.48	10.48
WinG t	11.04	11.04
WinGI t	12.43	12.43
WinAG t	13.40	13.40
Woodward Fds:		
Bond	10.45	10.95
GrVal	10.06	10.53
IntBd	10.57	11.07
Intrna	10.49	10.99
Opport	11.00	11.52
World Funds:		
NwpTie	13.11	13.80
VontEP	12.47	13.13
VontblV	11.82	12.44
Wright Funds:		
CurIn	10.88	NL
GvOb	13.19	NL
InBlCh	11.31	NL
JrBlCh	13.55	NL
NearB	10.82	NL
QulCor	14.46	NL
SlBlCh	16.38	NL
TotRet	12.77	NL
YamGlb	7.55	7.93
Zweig Funds:		
StratA	12.43	13.15
ZS AppA	11.94	12.63
ZS GvA p	10.09	10.59
ZS P A p	11.75	12.43
StratB	12.43	12.43
ZS AppB	11.89	11.89
ZS GvB	10.09	10.09
ZS P B	11.75	11.75

NL— No initial sales load. t—Previous day's quote. r—Redemption charge may apply. x— Ex dividend.

China Sees Seoul Trade Gains

Reuters

SINGAPORE — South Korean investment in China will grow rapidly with the sealing of formal diplomatic relations between the two countries on Aug. 24, a senior Chinese official said Sunday.

"I believe that South Korea's investment will increase rapidly in future," said Jiao Si-fen, director general of the foreign investment department of China's Ministry of Foreign Economic Relations and Trade.

"South Korean investors will feel it easier to invest in China now because their investments will be protected by the formal ties," she said.

South Koreans had invested about $400 to $500 million in approximately 1,000 projects before the diplomatic barrier came down, she said. Bilateral trade has boomed, rising to about $5.8 billion last year, from $3.8 billion in 1990.

China will not extend special privileges to South Korean investors but they will enjoy the preferential treatment that applies to all foreign investors, Ms. Jiao said. "They invested in China before the building of diplomatic ties and that showed to a certain extent our investment environment was attractive to them," she said.

Ms. Jiao also said China planned to boost foreign investment by simplifying procedures for government approval.

She said the International Finance Corp., an arm of the World Bank, would conduct a review of such procedures with her department aimed at cutting red tape. "The study will start next month and end by the first half of next year," Ms. Jiao said. "Many foreign investors still complain there's too much red tape for getting approvals."

Ms. Jiao said the retail sector and import/export functions were being opened to foreign investment in six large cities and five economic zones.

Foreign investment in China rose rapidly in the first half of this year due to its economic boom and a more liberal economic policy, Ms. Jiao said. China has so far approved about 13,000 foreign projects valued at $14.6 billion.

Foreign investment totaled $11.9 billion in 1991 and $6.5 billion in 1990.

Pyongyang Weighs an Investment Easing

The Associated Press

TOKYO — North Korea, one of the world's last hard-line Communist countries, is preparing to change its laws in an effort to lure much-needed foreign investment, according to a Japanese news agency.

Kyodo News Service, quoting unnamed Japanese trading sources, said Saturday that the preparations would supplement a 1984 law, which was patterned after China's joint venture law but so far has failed to attract any significant foreign investment.

The report follows the establishment of diplomatic relations on Aug. 24 between South Korea, Pyongyang's long-time rival, and China, its last remaining political ally and aid donor.

Kyodo said the legal changes would allow totally foreign-owned enterprises to operate in North Korea.

Although North Korea needs foreign investment and technology to generate export earnings, major Western companies have shunned it, in part because it is years behind in debt repayments from past dealings with foreign companies and banks.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Disappointing company news and a weak dollar drove prices lower on the Amsterdam market. The CBS all-share index lost 3.60 points during the week, to close at 192.80 Friday. Turnover increased.

Analysts at the Kempen & Co. brokerage said they expected prices to continue their downward trend this week.

Frankfurt

The Frankfurt market was depressed by the weak dollar and fears that a strong mark would dent German exports.

The DAX index shed 3.55 points during the week, to close at 1,516.47 on Friday. The Commerzbank index ended down 13.8 points at 1,676.4. Volume increased.

Dealers said the tendency remained downward, notably following signs of a slight increase in inflation for the third quarter, which quashed hopes of an easing of interest rates.

Chemicals were mixed: BASF lost 9.70 DM, while Hoechst gained 1.20 and Bayer was up 2.20. Among industrials, Daimler rose 8.50, Mannesmann was up 1.50 and Siemens fell 7.20.

Hong Kong

The market posted solid gains as stocks were buoyed by strong interim results from key companies. The Hang Seng Index rose 59.21 points, to 5,628.6. Volume was up about 20 percent.

Prices rose after HSBC, Hongkong & Shanghai Bank's parent, reported a 51 percent rise in interim profit and Swire Pacific said its six-month earnings doubled.

Sassoon Securities said the Hang Seng Index was expected to meet with some resistance at the 5,800 level, but it was optimistic that trade would pick up once fund managers returned from summer vacations.

London

Prices sank, hit by the falling dollar and pound and fears that the government would have to raise interest rates.

The *Financial Times*-Stock Exchange index of 100 leading shares lost 53.1 points, or 2.2 percent, to close at 2,312.6 on Friday. The FT-30 index shed 66.8 points, or 3.8 percent, closing at 1,680.6.

Since the FTSE-100's record high of 2,744.5 in May, it has lost about 16 percent.

Concern over the outcome of the Sept. 20 referendum in France on the Maastricht treaty on European union led to uncertainty in the stock market, with a buildup of opinion polls showing a movement toward rejecting the treaty.

Fears of a rise in interest rates hit building companies, with Redland, a roofing specialist, down 10 percent to 364 pence.

The beverages sector was undermined by warnings on profits from Grand Metropolitan and Scottish & Newcastle. Grand Met lost 7 percent, to 389 pence, and S&N fell 11 percent, to 383 pence. Bass lost 9 percent, to 474 pence.

Milan

Prices flirted with their lows for the year. The MIB index shed 25 points, or 3.14 percent, during the week, to close at 772. The MIB had gained 3.1 percent the previous week, one of its strongest performances of the year.

The index hit a low for the year — 771 points — on Thursday.

The strong Deutsche mark and weak Italian and U.S. currencies put pressure on stocks all week, though volume was little changed.

Most blue-chips fell. Fiat lost 3.89 percent, Generali was down 2.41 percent, Montedison fell 1.39 percent and Olivetti lost 6.70 percent.

Paris

The weak dollar, concern over a possible rejection of the Maastricht treaty and the poor performance of other stock markets sent prices lower on the Bourse.

The CAC-40 index lost 56.65 points, or 3.3 percent during the week, and plunged through the 1,700-point level to finish at 1,687.53 on Friday. The CAC-40 has now shed nearly 20 percent during the past three months.

Analysts said they expected the weak sentiment to continue until the country votes on Maastricht on Sept. 20.

Singapore

Prices closed firmer after fluctuating most of the week in directionless trading. The Straits Times Industrial Index put on 11.99 points during the week, to close at 1,359.30 on Friday. The broader-based SES All-Singapore Index rose 2.54 points to 365.57. Turnover was down about 30 percent.

Tokyo

Prices soared as investors took heart ahead of the release of a government economic-stimulus package.

The Nikkei Average closed at 17,970.79 on Friday, up 1,753.91 points, or 10.8 percent, on the week. The composite Tokyo Stock Price Index rose 128.27 points during the week to 1,379.97. Average daily turnover more than doubled.

The Nikkei has risen more than 3,600 points since Aug. 19, the day after Finance Minister Tsutomu Hata announced measures to bolster the slumping stock market. Mr. Hata's announcement came after the Nikkei hit its lowest level in more than six years, at 14,650.

The government unveiled its 10.7 trillion yen economic package on Friday.

Nomura Securities rose from 1,420 yen to 1,550 yen and Nikko Securities climbed from 570 to 670. Nippon Steel ended the week at 311 yen, up from 266 yen and Mitsubishi Heavy Industries rose from 556 to 593.

Zurich

Heightened prospects of an easing of domestic interest rates were not enough to boost share prices on the Zurich exchange. The Swiss Performance Index shed 12.53 points, or 1.13 percent, during the week, to close at 1,090.37.

Chemical counters suffered from the weak dollar. Roche lost 60 SF to 5,060 and Ciba-Geigy fell 14 to 631. Elsewhere, the hurricane that devastated Florida had repercussions on the insurance sector. Reassurances lost 160 to 2,290 and Zurich fell 35 to 1,820.

NASDAQ NATIONAL MARKET

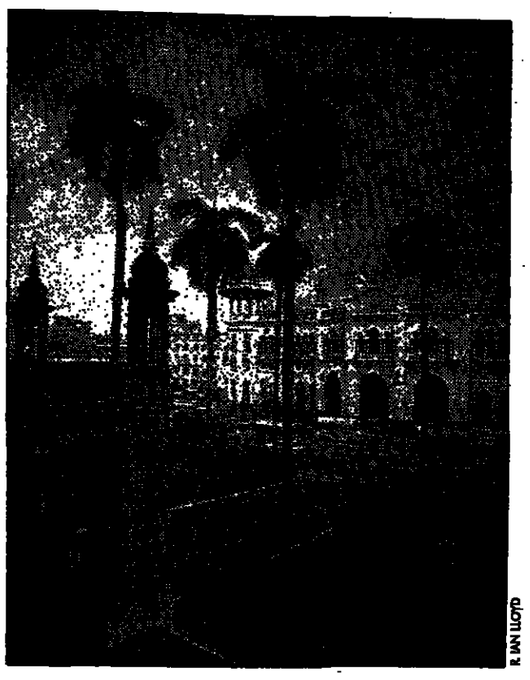
OTC Consolidated trading for week ended Friday, Aug. 28.

(Continued on next page)

هكذا من الأصل

MALAYSIA

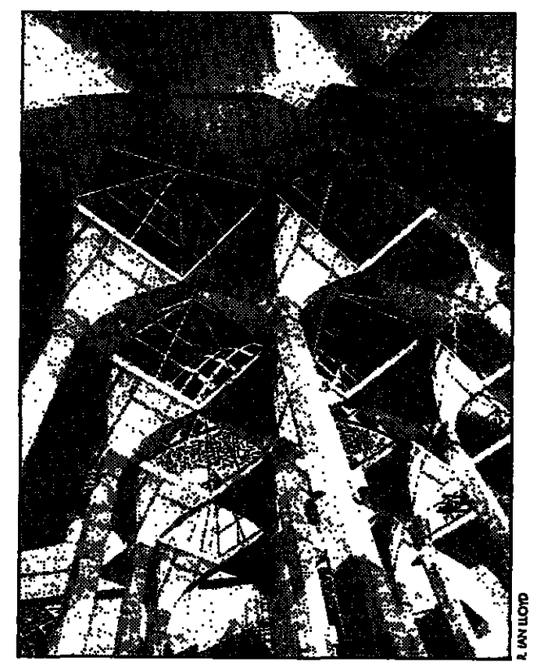
POWERHOUSE OF THE '90s



R. IAN LLOYD



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Elegance and modernity: The center of Kuala Lumpur (left); Esso oil production on the east coast (center); and the ornate dome of the Sultan Salahuddin Mosque (right).

Economic Growth Brings Nation to the Point of Takeoff

As Malaysia speeds deeper into the 1990s, the nation finds itself on the brink of a new era: a transition from developing to newly industrialized status that will see Malaysia take its place beside the other economic "tigers" of Asia.

Everything seems set for this passage into the second phase of national development. The gross domestic product has been expanding at a rate of more than 8 percent a year since 1988, with a forecast of between 7.5 and 8.7 percent growth this year. More than 55 billion ringgit ($22 billion) in foreign investment has poured into Malaysia since 1986, with another 30 billion ringgit expected in the next four years. And the gross national product has reached $2,465 per capita, three times what it was in 1976.

"Over the last two or three years the economy has definitely grown quite fast," says Low Peng Lum, director of industrial promotions for the Malaysian Industrial Development Authority. "This year there will probably be a bit of a slowdown, although based on the performance of the first quarter we are still achieving 9 percent growth. But a slowdown is good in a sense because we have been growing too fast. It will give us a bit of a time to consolidate."

The national leadership also seems ready for the challenge ahead. Prime Minister Mahathir bin Mohamad has emerged as a champion of both Malaysia and the developing world, with a growing reputation as an international statesman who is not afraid to voice his philosophy and opinions. His National Front coalition is firmly entrenched as the dominant political force in Malaysia, with a strong pro-business slant and a moderate social stance that stresses religious tolerance and racial harmony.

The National Front is strong, but democracy continues to flourish in Malaysia, as exemplified by elections in Kelantan state that put the Muslim fundamentalist Parti Islam into office.

Despite minor disputes over trade and diplomatic issues, Mr. Mahathir has managed to strengthen Malaysia's relationship with the United States during his 11 years in office. The United States is now Malaysia's second-biggest trading partner in terms of both imports and exports. Bilateral trade between the two nations reached 25 billion ringgit in 1991 and Americans are now the third largest investors in Malaysia. In the electronics industry alone, U.S. companies employ more than 45,000 people.

"American investment in Malaysia has been steady," says Mr. Lum. Washington and Kuala Lumpur have also strengthened their defense ties.

With a population of 17.5 million, Malaysia is relatively uncrowded by Asian standards, giving it a distinct advantage over nations like Indonesia (187 million) and Thailand (55 million), which have greater burdens of poverty and other social problems. For instance, Malaysia has a lower infant mortality rate and a greater proportion of doctors than either Indonesia or Thailand.

Malaysians have been ranked among the world's best workers in a competitiveness survey carried out by the Swiss-based World Economic Forum and the International Institute of Management Development. The survey determined that the Malaysian work force is characterized by hard work, loyalty and tenacity, plus a willingness to learn.

The key to Malaysia's current economic boom was a 1986 decision to ease foreign investment regulations. The government succeeded in eliminating much of the red tape while also granting tax breaks and allowing foreign investors full equity in manufacturing projects that export more than 80 percent of production. This caused a landslide of overseas interest. Many of the world's biggest companies — notably the Japanese industrial giants — grabbed at the opportunity to establish manufacturing and regional export bases in Malaysia.

Another important factor in the country's economic success is privatization. Kuala Lumpur decided a number of years ago that state-owned companies would perform better if put under the same scrutiny as those in the private sector. As a result, many of the largest state utility, industrial and plantation companies have been thrust into the open market.

A dozen privatized companies, like the electricity concern Tenaga Nasional and the the national telephone corporation Syarikat Telekom Malaysia, are now listed on the Kuala Lumpur Stock Exchange with a combined market capitalization of more than 65 billion ringgit, a third of the exchange's total value.

The financial sector has also been deregulated, spurring growth in both the stock market and the banking sector. "Banks are now more at ease to do what we want to do to create a suitable environment," says Kamil A. Rahman, senior vice president of the Bank of Commerce (Malaysia) Berhad. "Previously we were really guided by the government and controlled by them, and that made it difficult for banks to operate."

Like most rapidly expanding economies, Malaysia is struggling to come to grips with soaring inflation, a deteriorating trade balance and other fiscal hiccups. Inflation could top 5 percent this year, despite a drive by the government to limit the rate to 4.5 percent. The state bank decided to tighten the money supply about a year ago, with a corresponding rise in the base lending rate to roughly 9 percent, the highest level in six years. Even so, the consumer prices index continues to climb.

U.S. investment in Malaysia is increasing

"Over the past couple of years efforts by the government to bring in more investment have been very successful, resulting in a good inflow of capital into Malaysia and a good capital situation," says Mr. Rahman. "But the natural result of this is inflation coming in. The government wants economic growth, but not at the price of stability. So they are trying to control inflation with high interest rates and other measures."

Massive export growth has failed to counter a rising thirst for imports, much of it equipment to improve transportation infrastructure and the service industry, and machinery for new factories. Malaysia suffered an overall trade deficit last year for the first time since 1982. In the first quarter of 1992, the trade deficit hit 2.2 billion ringgit compared to just 1.8 billion ringgit during the same period last year. As a result, the current account deficit could reach a record 17 billion ringgit this year.

Growth in the manufacturing sector has slowed this year, although the current rate of around 10 percent would be envied by most developed and developing countries. The government blames the fall on declining productivity and sales in the textiles and electronics industries. "Based on trends, we expected performance to slow down this year," says Mr. Lum. "This can be attributed to the worldwide economic scene."

Malaysian consumers are also tightening their belts in anticipation of a mild economic turndown. According to the Malaysian Institute of Economic Research, passenger car sales fell 11.2 percent in the first quarter compared to the first three months of 1991, from 28,000 to just under 25,000 units. Lower consumer spending is expected to continue as the government presses ahead with efforts to get people to bank more of their savings. Government authorities are toying with the idea of introducing a compulsory savings plan similar to the one in Singapore.

The rate of economic expansion has also strained Malaysia's infrastructure. In many areas, the development of transport and utilities has failed to keep pace with growth in the manufacturing sector. "Fast growth has put a lot of pressure on our infrastructure," says Mr. Lum. "But the government is very aware of this. We are still in a position to cope. If you look at the Sixth Malaysia Plan, the government has allocated 26 billion ringgit just for the development of transportation and communications — roads, railways, telephone and power. So I don't think this will be a problem."

Meanwhile, the small population has lead to a shortage of skilled workers in some areas, a problem that is being tackled by the government with the establishment of vocational training centers and better incentives for the learning of skills.

The country cannot help but be affected by economic trends that are unfolding in other parts of the globe. One of the recent events that has most worried Malaysia was the conclusion of the North American Free Trade Agreement in early August. There is a fear in Kuala Lumpur — and most Asian capitals — that NAFTA will shift the balance of trade to the far side of the Pacific.

In anticipation of NAFTA, Mr. Mahathir and other regional leaders have been pressing for the establishment of a regional trade group in Southeast Asia. The proposed ASEAN Free Trade Area would combine Malaysia, Thailand, Indonesia, Singapore, the Philippines and Brunei in a bloc of more 300 million consumers. But Mr. Lum is not especially worried about competition.

"I generally think that people will still look to Malaysia," he says. "Our infrastructure is still good, the investment policy of the government is still liberal and we still have the ability to make competitive goods. Our productivity is high and our wage rates are low, and that certainly enhances our competitiveness and makes us more attractive to foreign investors."

Joseph R. Yogerst

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. ● Joseph R. Yogerst is a journalist based in Singapore. ● Garry Marchant is a journalist based in Hong Kong.

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ADVERTISING SECTION

Tourism Aims at 20 Million Visitors

After a decade of unprecedented growth, the sky would seem to be the limit for Malaysian tourism. The industry has yet to develop many of Malaysia's prime beauty spots and recreation areas, leaving plenty of room for expansion.

The number of tourist arrivals has doubled in the last decade, from 2.77 million in 1982 to 5.54 million last year. "But 20 million tourists is our planning target," says Ahmad Bakri Shabdin, director-general of the Tourist Promotion Board. "That is not an impossible target. By the year 2000 we hope to have an infrastructure and service industry that can handle that many people."

Given the amount of investment, promotion and hard work going into the tourism industry, Malaysia has a good chance of achieving its ambitious goal. Billions of dollars are being poured into the creation of new hotels, better roads, expanded air links and a great range of recreation facilities. Following the success of Visit Malaysia Year 1990, which attracted millions of new visitors, the government has announced plans to have another special promotion in 1994.

Luxury hotels sited on remote islands

"Malaysia is relatively underdeveloped — or even undeveloped — as a tourism destination," says Mr. Bakri. "In fact, we consider 1990 as the year when the tourism industry first took off. Even then people in the industry worried about the viability of tourism as an important part of the economy. They wanted to know if government was serious about promoting tourism. But now tourism is part of our current five-year plan and our long-term 30-year plan. And this has stimulated investment in the tourism infrastructure."

Development continues at a astounding pace at already established destinations like Penang and the east coast, and at the same time resorts in new areas are ready to come on line. More than $7 million has gone into the creation of the first beach hotel on tiny Pulau Besar island off the coast of Malacca, and three seaside hotels are open on an equally small island called Pangkor off the Selangor coast.

Another $25 million is going toward the development of Layang-Layang, a coral atoll in the Spratly Islands about 270 kilometers (170 miles) off the coast of Sabah. Tourists can now reach the isolated atoll — known for its bird and undersea life — aboard a small cruise ship that departs from Kota Kinabalu.

Langkawi is perhaps the best example of how a sleepy tropical backwater can be transformed into an international resort almost overnight. Five years ago, almost no one outside of Malaysia had even heard of the island, but now it is one of the hottest new beach resorts in Southeast Asia. A number of luxury hotels have opened their doors in recent years, including the 1,500-room De-Lima and a brand-new Sheraton that was built in a hundred days.

Swedish developers are building a $150-million floating hotel with 150 rooms that will be anchored off the coast of Langkawi by the end of 1993, and the island's development authority has approved plans for the construction of a marine theme park with dolphin pools, fishing ponds and restaurants. Meanwhile, the government is putting $1 billion into improving the island's roads, utilities and airport.

Despite the recent financial demise of the giant Desaru complex in southern Malaysia, tourism development is also doing well in Johore Bahru and the surrounding area. With a reputation for good food and budget shopping, Johore is especially appealing to the 3 million Singaporean tourists who come to Malaysia each year. In keeping with the national tourism development theme, Johore is diversifying its attractions with the construction of new golf course and beach resorts and the promotion of historic features like the museum in the old sultan's palace.

Both government and private enterprise are nurturing a broad range of holiday attractions. Rather than rely on single attributes, like shopping or beaches, Malaysia hopes to attract an increasing number of people who are drawn to its historical, cultural and natural attractions. In particular, adventure travel is thought to have a bright future, based on the country's extensive natural areas and diverse range of ecosystems, including jungle, mountains, coral reefs, underground cave systems and mangrove swamps.

The potential for wildlife viewing is perhaps greater in Malaysia than in any other country in Southeast Asia. Malaysia has a comprehensive national park system that includes the ancient rain forest of Taman Negara, Mount Kinabalu (the highest peak between New Guinea and the Himalayas), the secluded Turtle Islands and the Mulu Caves, which are thought to be the world's largest limestone caverns.

The government is also interested in stimulating growth in domestic tourism through a new promotional campaign that urges Malaysians to see their own country as well as by the construction of a 100 million ringgit network of budget hotels and the publication of a directory that lists local sights in each area.

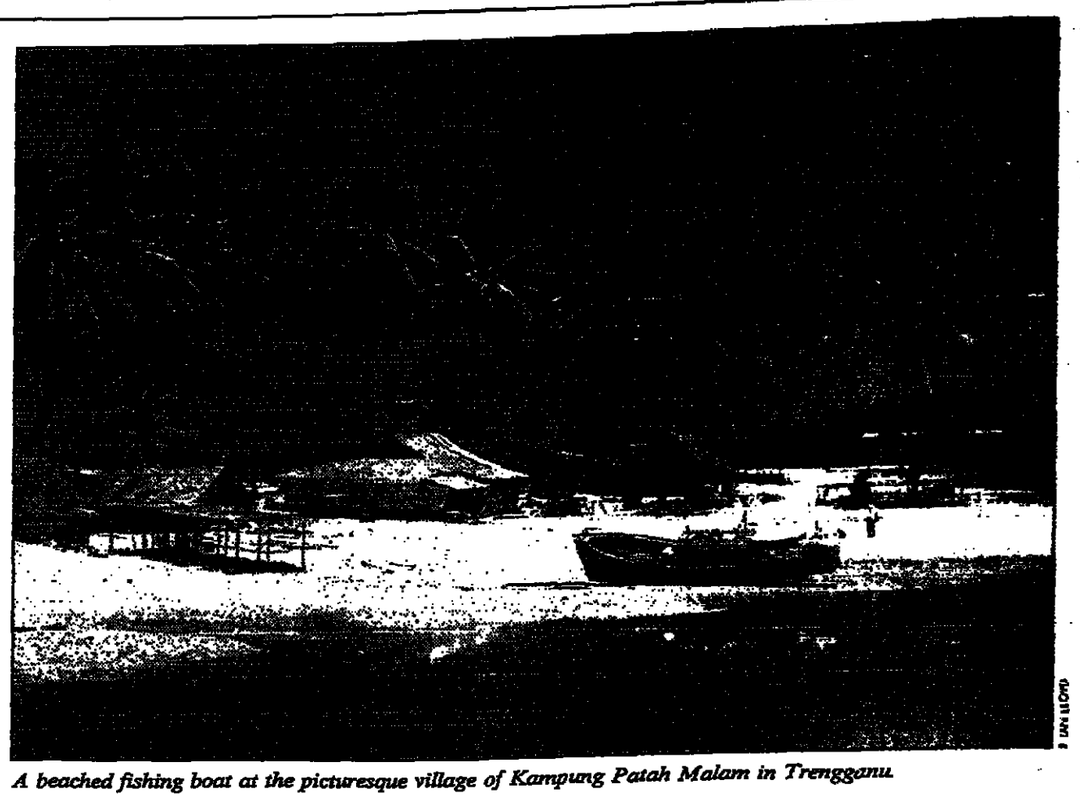
"It's a bit difficult to establish the amount of domestic travel when most of it is for visits to friends and relatives," says Mr. Bakri. "We are encouraging people to support the local tourism industry by staying in hotels. The government itself has come in to rectify the situation by encouraging budget travel that is more affordable to the domestic traveler. And certainly the construction of highways will make domestic travel much easier."

Malaysian Airlines is doing its bit to promote tourism through a global advertising campaign and an expanded route network. Last year, the national carrier announced an 8 billion ringgit program to upgrade and expand its fleet over the next decade. The shopping list includes 26 Boeing 737 aircraft, 10 Airbus 330s and 10 Boeing 747 jumbos.

The airline is boosting its internal service to meet growing visitor demand. "A few years ago, tourism was a small industry," says Dato Kamaruddin Ahmad, chief executive officer of MAS. "Malaysia went out aggressively and now it has become important. To serve it, we are increasing our frequency on domestic routes."

Civil aviation authorities recently opened a new terminal at Kuala Lumpur International Airport and have announced plans to construct a 20 billion ringgit mega-airport at Sepang within the next decade. The new facility will have four times the capacity of the current airport and is expected to compete with Singapore's Changi Airport as a regional hub. A new international airport is also planned near Penang.

J. R. Y.



A beached fishing boat at the picturesque village of Kampung Patah Malam in Trengganu.

National Carrier Expands Its International Horizons

Despite a slow start, Malaysia Airlines has grown to become a major international carrier. In the 1990s, the airline is launching a major expansion program in both routes and aircraft.

In 1937, when men in the tropics still wore pith helmets and women carried parasols, most travel in Malaysia was by steamship or rail, while short distances were covered by road.

Seeing a future for air traffic, the Straits Steamship Company, Ocean Steamship Company and Imperial Airways jointly established Malayan Airways Limited. This developed over the years, with several changes of name and ownership, into Malaysia Airlines Berhad.

The new company was registered on April 3, 1971 and on November 30, 1971, it was renamed Malaysian Airline System Berhad (MAS). The national airline soon established a reputation for service in the tradition of most Asian airlines. While it had to concentrate on serving the domestic market, it also expanded internationally.

MAS performed an essential service in a diverse country. Flying is the only practical mode of transportation between East and West Malaysia and within the rugged interiors of Sabah and Sarawak on the island of Borneo. Malaysian Airlines now operates 18 rural stations in Sabah and Sarawak.

Today, the Malaysian government along with the state governments of Sabah and Sarawak jointly own 70 percent of the profitable airline.

In October 1987 the airline got a new image, new colors and a new name: Malaysia Airlines.

The later part of the decade saw rapid growth in route structure. Before 1989, Malaysia Airlines had 27 destinations. In 1989, it added nine destinations in Asia, Europe and New Zealand and in 1990 nine more, in the Pacific (Honolulu), Europe, the Middle East (Tehran) and Asia.

This year it added two new continents, with services to Johannesburg and Mexico City. As well, it is the first Asian airline to obtain the right to carry passengers between Los Angeles and Mexico City.

By the end of the year, aircraft with the distinctive Kelantan kite logo on the tail will be seen in 35 domestic and 52 international destinations. Over the next few years, the airline will expand its fleet from about 64 aircraft, including 28 on lease, to 94 aircraft. It has already ordered nine long-haul B747-400s by 1997, 26 B737-400/500s and 10 A330s. It has also secured options to purchase a whole fleet of other modern aircraft. MAS's managing director, Kamaruddin Ahmad, says that the airline will concentrate on newer planes, with fewer aircraft and engine types for more efficient maintenance.

Meanwhile, Malaysian Airlines has its long-range sights on destinations from Athens to Vancouver, Rio de Janeiro to Rome. It seems that the sky is the limit for planes bearing the Kelantan kites.

Garry Marchant

MALAYSIAN RAINFOREST

MANAGING OUR FORESTS

FOR THE FUTURE



Since 1901 Malaysia has been leading the rest of the world with her sustained yield forest management. This fact has been attested by such international organisations as the International Tropical Timber Organisation (ITTO) and The Food and Agriculture Organisation (FAO). They have confirmed that Malaysia's forest management policy is one of the best amongst tropical countries and even exceeds the standard established in some developed countries.

Timber products are the second largest revenue earner for Malaysia and provided direct employment for 160,000 people. Hence it does not make sense for Malaysia to destroy her rainforests.

If a boycott or other trade restrictions on tropical timber is effected, the economic value of the forests will lessen and this will only result in increased pressure to clear the forests for other land uses.

The main cause of deforestation is poverty, the result of slash and burn practice and the need for wood as fuel. In Malaysia, we have successfully overcome the problem of rural poverty and shifting cultivation through a systematic development programme.

Tropical timer accounts for only 25% of the world's timber trade, although rainforests cover more area than temperate and boreal forests combined. (Source: FAO). According to the GATT Secretariat, total trade in tropical timber is less than 1% of total trees fell in the developing countries.

Contrary to some common misconceptions, 72% of Malaysia's total land area or 23.58 million hectacres are under tree cover – 59% natural forest and 13% plantation trees.

We have also been unjustifiably accused of violating the rights of our forest dwellers, especially the Penans who number 10,000 in total. Of these, 400 are still roaming the jungles and our government has set aside 65,000 hectacres of virgin jungles for their special use. Through funds collected from royalties on logging, service centres at strategic locations have been built, providing health, welfare and education facilities. However, due to the harsh jungle life of high infant mortality rate, low life expectancy and vulnerability to diseases and illnesses, it is incumbent on a responsible government to encourage – not force – these nomadic Penans to settle down so that they can benefit from the fruits of development as equal citizens.

We recognise that there are still a lot of areas that need improvement. We are totally committed to upholding a responsible forest management policy so that this natural resource can be a sustainable viable industry for generations to come.

The forests of the world are essential in preserving the delicate balance of the global ecosystem. Protection of the forests and the environment urgently requires pragmatic, down-to-earth global response. Malaysia calls for a comprehensive, holistic effort to ensure that by the end of this century at least 30% of the land area of this planet shall be forested. On our part, we have undertaken to ensure that at least 50% of our land area will remain permanently under forest cover. We are, therefore, absolutely certain of having forests for the future – the TROPICAL EVERGREEN FORESTS OF MALAYSIA!

KEEPING MALAYSIA EVER GREEN

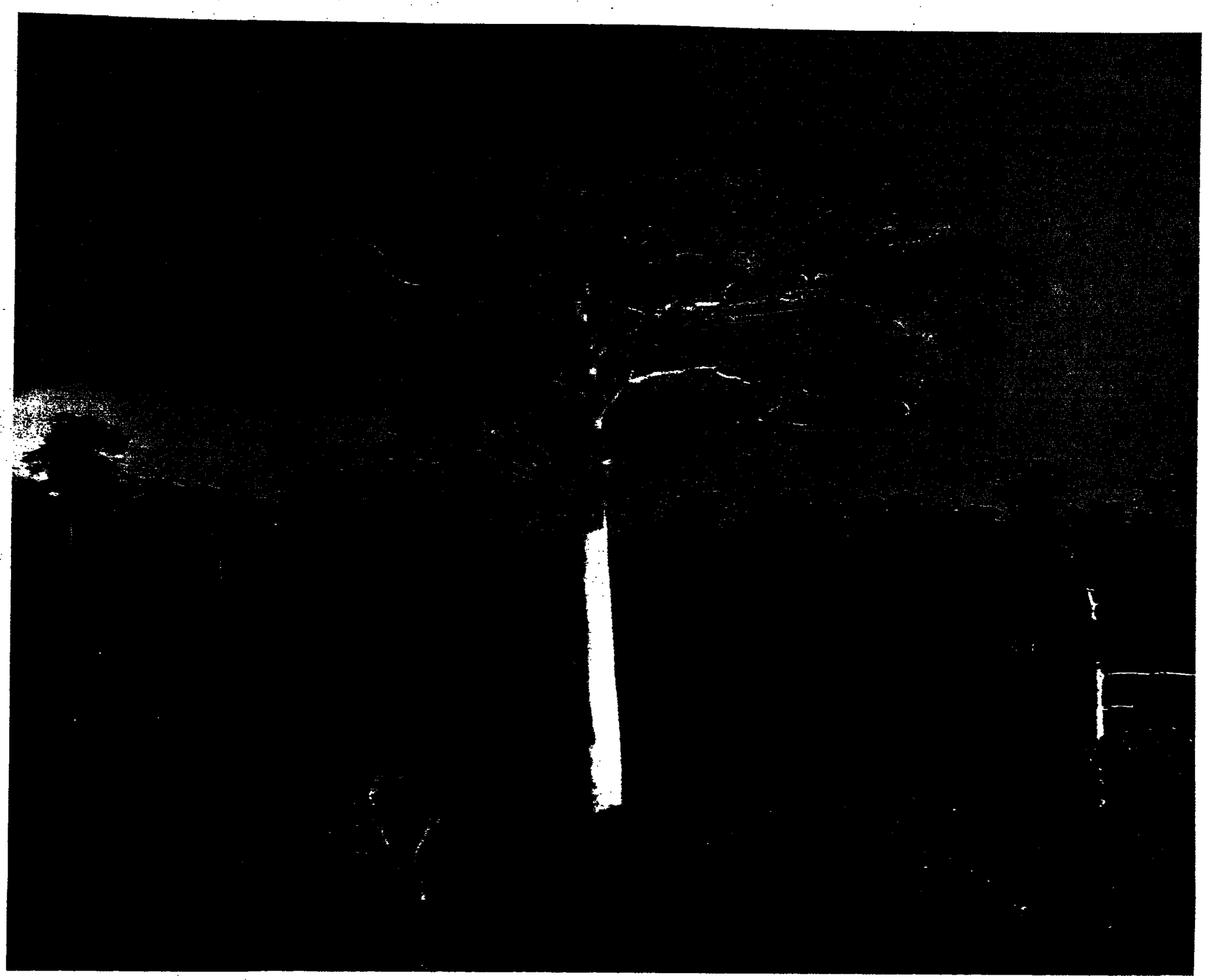
MTIDC
THE MALAYSIAN TIMBER INDUSTRY DEVELOPMENT COUNCIL

For more information, please contact : The Malaysian Timber Industry Development Council, 9B, 9th Floor Bangunan Arab Malaysian, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. Tel : 03-2323999 Fax : 03-2386376.

هكذا عن الإعلان

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Sime Darby

"A new breed of corporate giant rising to challenge top businesses in both the Orient and the West."

FORTUNE, Fall 1990.

Whilst the rest of the world was affected by the Gulf crisis and global recession, in the Asia Pacific region, one country in particular was experiencing 9% growth per annum - Malaysia. And one corporation played a prominent role in that growth - Sime Darby.

"... sitting on a lot of cash, and this is a region of opportunity."
ASIAWEEK, July 5, 1991.

Founded in 1910 by a Scottish adventurer and an English banker, the Sime Darby Group now commands some impressive credentials. Market capitalisation of over US$2 billion. Group turnover in 1991 exceeding US$2 billion, a 12 percent increase over the previous year. A 30,000-strong workforce, spread throughout the region and other parts of the world. Six major core areas of business. One is apt to think that this company has pretty much rewritten the meaning of the word 'growth'.

"... first class management, fat profits, and scorchingly hot growth rates."
FORTUNE, Fall 1990.

This track record of non-stop growth for both Sime Darby and its partners seems to stem from their commitment to the time-honoured values of reliability, fairness and plain honesty.

When it comes to joint ventures, the Sime Darby Group subscribes to one solid principle. That plain, old fashioned hard work, a commitment to quality and professionalism are the keys to successful partnerships.

Perhaps the most convincing testimony to the Sime Darby principle are the heavyweights which have chosen it as their business partner. Michelin. Esso. BMW. Caterpillar. Chubb. Ford. Hertz. Land Rover. Rengo. Inax. Shell. And Sumitomo Rubber Industries of Japan, to name a few.

"... when facing recession, it still has good profits."
NEW STRAITS TIMES, November 18, 1991.

Professional management and a strategy of consolidation have resulted in Sime Darby being rated one of the rare multinationals that still reaps outstanding profits in times of recession.

Companies looking for an investment partner in the Asia Pacific region can contact Sime Darby at: The Communications Department, Sime Darby Berhad, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia. Telefax: 03-2987398, Telex: SDMAL MA 30038.

Sime Darby

SOUTHEAST ASIA'S LARGEST MULTINATIONAL COMPANY

COMMODITY TRADING • ENGINEERING • FABRICATION • GENERAL TRADING • HEAVY EQUIPMENT • INSURANCE • MANUFACTURING • MOTOR DISTRIBUTORSHIP • PACKAGING • PLANTATIONS • PROPERTY DEVELOPMENT • LEISURE

The 'Green' Debate Over Conserving Timber Resources

Datuk Seri Lim Keng Yaik, Minister of Primary Industries, speaks about recent disputes with ecology groups over logging in Malaysia and about the country's plans for managing timber resources.

More than any other country in Southeast Asia, environmentalists seem to pick on Malaysia when it comes to forest policy. Why is that?

It's quite simple: because they have found a human face in their campaign and that human face is that of the Penans [an ethnic group that lives in the Sarawak rain forest]. It has been recognized by foresters that Sarawak, among all the tropical timber-producing countries in the world, has the best tropical forest management policies. And yet we have come under tremendous attack in the last four or five years. In order to get people in the West to appreciate the anti-logging movement, they add on the human face of the Penan and use the stereotyped image that people in the East have despotic governments where the elite is taking over from the colonial masters to be the exploiter of the people. And that has given them the momentum for their campaign.

Why does the average person in the West care what happens to people in the Malaysian jungle?

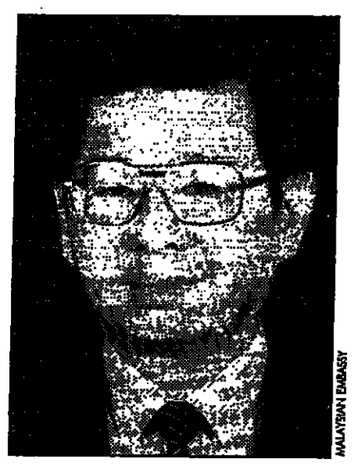
Consumers in Western countries still have this sentimental attachment to the concept of the "noble savage." If you live in the jungle, then you see whether it is easy or not. It's no joke. You have to fend for yourself in facing the harshness of the tropical rain forest. We do not apologize to anyone for trying to bring our forest dwellers into the mainstream of national development, although we admit that in the process people's lives are upset.

Do you think Malaysia has a difficult time explaining its side of the timber controversy in the world arena?

We are doers and we are bad explainers. But we are now starting an international task force in Europe, the United States, Australia and Japan to explain our policies and counter all the misinformation and unfounded accusations. For us to get into the electronic media — like the BBC or German television — is almost impossible. You think they can give me the same amount of time they give environmentalists? Those people are there all the time, but how often can I go to Europe?

Do you think that Malaysia has better forest management policies than its neighbors?

Yes, yes, yes. This is not something decided by ourselves, but by international groups. Of course, when they want to pick on us they say: Yes, you have the best on paper, but when it comes to implementation you have weaknesses. We are a developing country. We hope that we can have forest rangers in the


MALAYSIAN EMBASSY

proportion that you find in Germany. But we cannot afford those forest rangers now. We want to learn. We want to have better methods of forest management as well as implementation in order to put the forest that we have on a sustainable yield. We can do that because we still have natural forest. And we know that even without foreign pressure — for our own good — we must maintain these forests in perpetuity. For our own good!

Will Malaysia continue to transform forest into farmland?

In the early part of our independence we wanted to stand on our feet, especially economically, and so we embarked on opening up forests for agricultural purposes. Now that we have come to the stage where our agricultural and plantation sector is short of labor, there is no pressure on opening up land as there was in the '60s and '70s. We realize that as commodity producers we are subject to the pressures of the developed consuming countries; that it would be better to go into industrialization and manufactured goods. As we move towards industrialization the pressure on land will be reduced and may even be turned into a positive factor — that some of the land that we have opened for agricultural purposes can now be returned to forest. Not natural forest, but planted forest. You must remember that 58 percent of Malaysia is still natural forest — that's 33 million hectares.

Can you describe Malaysia's master plan for managing its timber resources?

At least 40 percent of the natural forest will be kept under virgin forest — for national parks, wildlife sanctuaries, for protection of biodiversity and water catchment areas. That means 60 percent of the forest could be put to productive use, using the sustainable yield management of selective logging, with cutting cycles of 30 to 50 years for the maintenance of the amount of logs taken out and replaced through natural regeneration. Of course, the purists say that no logging is sustainable in terms of timber yield. The purists argue that logging is at best disturbing the ecosystem and therefore in a certain way destroying biodiversity. We say that as we lock up a certain amount of our land in its virginity, we will be able to maintain our biodiversity in its fullness.

Does Malaysia have a time frame for achieving sustainable cutting?

Of our own volition, the chief minister of Sarawak went to the International Timber Organization Conference in 1989 and invited the ITO to send a mission to Sarawak and recommend the amount of sustainable yield logging that can be done. The figure they reached was 9.2 million cubic meters. The chief minister gave them a commitment that Malaysia would be able to meet that target by 1994 — which gives us just two more years.

How much is being cut at the present time?

Sarawak produced 18 million cubic feet in 1990 and 1991. Twelve million of that comes from permanent forest estates and 6 million from the conversion of state forest into other uses. Sarawak needs to open up more to agriculture, to diversify and improve its economy, but that's temporary. And we have a commitment to reduce the amount taken from forest estates from 12 to 9 million cubic meters. These people [environmentalists] are making a hullabaloo over this. They told me in 1988 that if we don't stop now everything will be lost in five years. But go there now — there's still a lot of forest left in Sarawak.

Do you think that Western governments and environmental groups underestimate Malaysia's ability to manage her own forests?

We are not so stupid as to cut down all of our natural resources and encourage downstream production if we are going to become a net importer of timber in the future. People should give us more credit for running our own country.

How important is the timber industry to the Malaysian economy?

Because we are a developing nation, our timber industry — which accounts for 10 percent of our export earnings — is a quite important aspect of our economy, especially in Sabah and Sarawak, which are the least developed of the states of Malaysia. Their main resource is the forest. To tell them not to use God's gift would not be acceptable to us.

What is the government doing to encourage downstream production of forest resources?

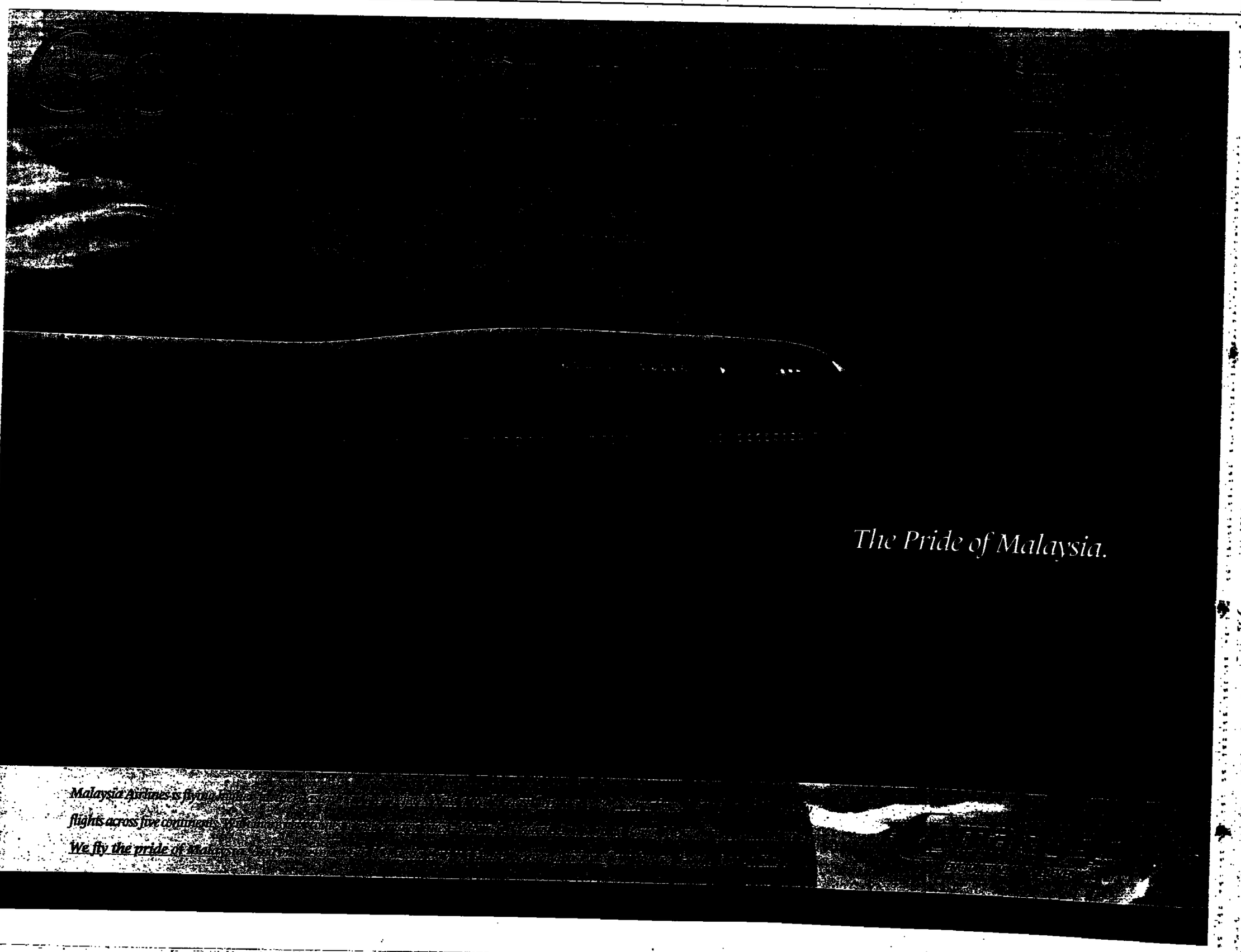
We banned the export of logs from the peninsula in the late 1970s because they were needed for downstream production. Now we are confident enough to discourage the export of sawn timber and veneer in order to channel that wood into even more value-added downstream production. An export ban for Sabah is our next target. But Sarawak does not have enough processing to go fully downstream and therefore they will still be allowed to export logs. As more plywood, furniture and wood molding factories are built in Sarawak, the export of logs will gradually be reduced. In the last four years Malaysia's furniture exports have increased from 70 million ringgit to 420 million ringgit.

Interview by Joseph R. Yogerst





Massive roots buttress huge lowland forest trees. International organizations join in collaborative efforts to improve sustainable forest management.



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MONDAY SPORTS BASEBALL

The Night the Hits Just Kept On Coming

The Associated Press

TORONTO — The Milwaukee Brewers, who had scored 18 runs in losing five consecutive games, needed a big victory over the Toronto Blue Jays to get back into the American League East race.

They got it, setting an AL record with 31 hits in a 22-2 rout Friday night.

David Cone, acquired from the New York Mets on Thursday, joined the Blue Jays in time to chart pitches, the customary duty of the next day's pitcher. Instead, he charted a track meet, turning over his clipboard after five innings.

"We'll have to ice his wrist down after that one," losing pitcher Jimmy Key said. "Right now he must be thinking, 'Tough league.'"

The Brewers broke the AL record of 30 hits and tied the modern major-league record, set in 1901 by the New York Giants.

Individually, some of the statistics looked like weekly summaries.

- Scott Fletcher and Kevin Seitzer each got five hits.
- Fletcher and Darryl Hamilton each drove in five runs.
- Seitzer and B.J. Surhoff each scored four times.
- Rookie Pat Listach and Hamilton each had four hits.

The Brewers hit one home run, four doubles and an AL-record 26 singles.

Jim Gantner's infield single in the ninth broke the AL record for hits, set by the New York Yankees against the Boston Red Sox on Sept. 28, 1923.

The New York Giants were the only other team this century to get 31 hits in nine-inning game, on June 9, 1901, against the Cincinnati Reds.

The all-time record for a nine-inning game is 36 hits, by Philadelphia against Louisville in a National League game Aug. 17, 1894. The AL record in extra innings is 33, set by Cleveland against Philadelphia in 18 innings on July 10, 1932.

Milwaukee's 26 singles were the most by a team in the 20th century, topping the mark of 24 set by Cleveland in 1928 and matched by Boston in 1953. The all-time singles record, 28, was set by Philadelphia in that 1894 game against Louisville and matched two years later by Boston of the NL against Baltimore.

Doug Linton, one of six pitchers used by the Blue Jays, threw only 33 pitches and gave up six runs on six hits while retiring one batter.

For the night, he had a 162.00 earned run average.

"Maybe I should have told them what I was throwing," he said.

Every starter for the Brewers had at least one hit. Robin Yount, who doubled in the fourth inning for his 2,987th hit in the majors, tied Sam Rice for 17th place on the all-time list.

The Brewers, whose previous high hit total was 22, set club records for margin of victory (20), RBI (21) and total bases (38).

The Blue Jays' 22 runs allowed were two short of a club record, set against the California Angels on Aug. 25, 1979.

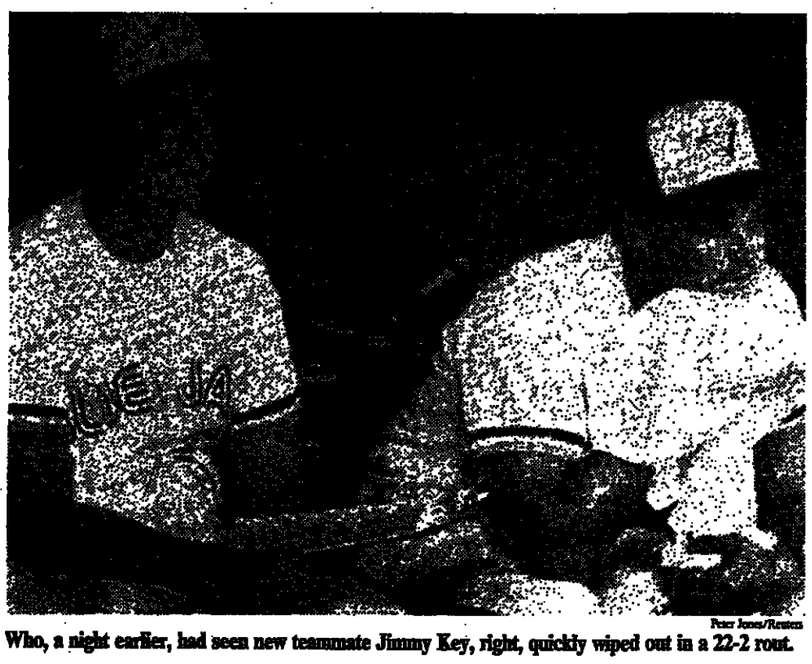
And, in New York, Jeff Kent, acquired in the Cone trade, drove in three runs in the second game Friday night as the Mets completed a surprising, 4-3, 12-1 doubleheader sweep of the Reds.

Kent tripled, doubled and scored twice while Wally Whitehurst, pitching in place of Cone, shut out Cincinnati on one hit for six innings.



Carlo Allegri/Agence France-Presse

The Brewers' base-running kept the heat on David Cone...



Peter Jones/Reuters

Who, a night earlier, had seen new teammate Jimmy Key, right, quickly wiped out in a 22-2 rout.

Jays Bounce Back to Top Brewers

The Associated Press

Juan Guzman pitched 4 innings in his first start since coming off the disabled list and Joe Carter hit a two-run homer Sunday as the Toronto Blue Jays beat the Milwaukee Brewers, 5-3, Sunday in Toronto.

Toronto bounced back to beat the Brewers after defeats Friday night and Saturday, when the loser was the Jays' new pitching acquisition, David Cone. The Blue Jays finished with a split in the four-game series.

Guzman, activated Saturday, had not pitched since Aug. 3 because of muscle soreness in his right shoulder. He allowed one earned run and two hits, struck out three and walked one, and threw 77 pitches. Duane Ward pitched 1⅓ perfect innings for the victory.

The Brewers came within a run of the Jays in the third inning when Kelly Gruber's throwing error on Darryl Hamilton's grounder to third allowed Scott Fletcher to score with two outs. But Carter homered in the bottom of the inning following Roberto Alomar's leadoff single, making it 4-1, enough for the victory.

Twins 5, Yankees 3: In Minneapolis, Kevin Tapani, the Minnesota pitcher, beat New York for the sixth time in seven career decisions. The Twins won for just the fifth time in 15 games.

The Twins scored in the first inning after first baseman Kevin Maas dropped Kirby Puckett's foul pop for an error. Puckett followed with an RBI double. Minnesota got two runs in the fourth on singles by Greg Gagne and Mike Pagliarulo, and made it 5-0 in the fifth on an RBI double by Shane Mack and a bases-loaded walk to Pagliarulo.

The Yankees rookie pitcher Sam Militello took his first loss in five major league starts. He lasted only 4⅔ innings and gave up seven hits and six walks.

■ *In Saturday's games:*

Orioles 4, Mariners 0: In Seattle, Randy Milligan matched his career high with four hits for Baltimore and rookie starting pitcher Arthur Rhodes allowed four hits in 7⅔ innings.

Brewers 7, Blue Jays 2: In Toronto, David Cone, the major league strikeout leader, suffered a disappointing outing in his first start for the Blue Jays since he was acquired from the New York Mets.

The right-hander allowed seven runs and walked seven in 6⅓ innings, and Milwaukee set a team record with eight stolen bases to beat the Jays.

Cone struck out five to increase his total to 219. But Cone, although he was 13-7 for the Mets before Thursday's trade, has now fallen to 0-4 in his last five starts. The Blue Jays were counting on Cone to bolster a starting staff that had slumped to a 7.04 ERA in the previous 25 games.

Milwaukee got all the runs it needed in the fifth when, with a 1-0 lead, Pat Listach drew a one-out walk and stole second and third before Darryl Hamilton walked and stole second. Paul Molitor's sacrifice fly scored Listach, advancing Hamilton to third, and Franklin Stubbs hit an RBI single for a 3-0 lead.

Tigers 12, Royals 1: In Detroit, the Tigers hit four homers, including Lou Whitaker's second career grand slam, to beat Kansas City.

Cecil Fielder had a two-run homer, Rob Deer a three-run blast and Gary Pettis a solo homer for the Tigers, who lead the major leagues with 151 home runs.

Athletics 4, Indians 1: In Oakland, California, Dave Stewart and four relievers combined on a four-hitter and Jerry Browne homered and drove in three runs to down Cleveland.

Yankees 6, Twins 3: In Minneapolis, Bob Wickman settled down after a power outage to pitch a five-hitter over 8 innings for his first major-league victory and Danny Tartabull hit a three-run homer as New York beat Minnesota.

White Sox 6, Rangers 4: In Arlington, Texas, Jack McDowell became the American League's first 18-game winner as Chicago survived two homers by Juan Gonzalez of Texas.

Gonzalez homered in the second to become the 10th player ever to hit 35 homers in a year before his 23d birthday. Frank Thomas put the White Sox ahead, 5-3, with a bases-clearing double in the seventh. Gonzalez added his 36th homer, a solo shot, in the eighth.

Angels 7, Red Sox 2: In Anaheim, California, Mark Langston retired the first 11 men he faced and pitched four-hit ball for seven innings as California downed Boston.

AMERICAN LEAGUE

Cubs' Rookie Sees No-Hitter Slip Away

The Associated Press

Jim Bullinger of the Chicago Cubs, a former shortstop who at 27 is old for a rookie, pitched a one-hitter Sunday to beat the San Francisco Giants, 3-1, losing his no-hitter in the eighth.

Bullinger struck out five, walked four and allowed only Kirt Manwaring's leadoff home run in the eighth inning of the game, in Chicago.

Bullinger was trying to become the first rookie in the majors to pitch a no-hitter since Oakland's Mike Warren against Chicago on Sept. 29, 1983.

A shortstop in the minors from 1986-89 before becoming a pitcher, Bullinger had not pitched more than six innings in the majors until Sunday. It was his third major league start. He has pitched 30 times in relief for the Cubs.

The only time the Giants had come close to a hit until the eighth was on a line drive by Greg Litton that Bullinger caught to end the second inning.

The Cubs scored single runs in the second, fifth and eighth.

Phillies 10, Braves 2: In Philadelphia, Tom Glavine failed in his second attempt for his 20th victory as Atlanta was routed.

The Braves lost for the seventh time in nine games. Glavine gave up five runs and four hits in 2⅔ innings. He didn't get past the fifth inning against Montreal on Tuesday night.

Todd Pratt drove in four runs for the Phillies, chasing Glavine with a two-run single in a four-run third.

Expos 4, Astros 0: In Houston, Ken Hill pitched a four-hitter for his third shutout of the season, allowing Montreal to stop Houston's four-game winning streak.

Darryl Kile lost his eighth straight decision and lost his temper, too. He allowed four runs and five hits in three innings; the worst came in the third, when he argued with an umpire while he held the ball, allowing a run to score.

Cardinals 3, Dodgers 0: In St. Louis, Missouri, Lee Smith's 12th save in August pulled him within one of the major-league record for a month as St. Louis beat punchless Los Angeles.

Smith pitched a perfect ninth, completing a six-hitter for his 36th save of the season.

The Dodgers, who appear headed for their first last-place finish since 1905, have scored only two runs in 31 innings.

■ *In Saturday's games:*

Mets 6, Reds 5: In New York, Dwight Gooden survived six shaky innings and doubled in a run the Mets beat Cincinnati for their season-high sixth consecutive victory.

Braves 7, Phillies 6: In Philadelphia, Charlie Leibrandt struck out seven in 8 innings, racking up his 1,000th strikeout in the major leagues, as Atlanta downed Philadelphia.

After fanning Darren Daulton with Ricky Jordan on first and one out in the second inning for No. 1,000, Leibrandt took catcher Greg Olson's return throw and lobbed the ball toward the Braves' dugout for posterity. But he neglected to call time out; before he could retrieve the ball, it rolled into the dugout and Jordan was awarded second base.

Cubs 7, Giants 2: In Chicago, Frank Castillo won his second consecutive start after going nearly two months without a victory.

Castillo and Cubs manager Jim Lefebvre were ejected in the seventh inning when Robby Thompson was hit by a pitch. An inning earlier, San Francisco's Jeff Brantley hit Steve Buechele with a pitch after Mark Grace and Andre Dawson hit back-to-back homers.

Astros 8, Expos 2: In Houston, Jimmy Jones won his fourth straight game and Ken Caminiti drove in four runs.

Cardinals 3, Dodgers 2: In St. Louis, Ray Lankford's two-run double highlighted a three-run fifth inning for the Cardinals.

Pirates 3, Padres 2: In San Diego, Andy Van Slyke singled in the tying run and Barry Bonds drove in the winner with a sacrifice fly as Pittsburgh scored twice in the eighth inning to beat San Diego.

NATIONAL LEAGUE

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Aug. 28.

(Continued)

(Continued)

ES

MONDAY SPORTS FOOTBALL

Redskins Make Exhibition of Themselves

The Associated Press

The Washington Redskins can only hope that their poor exhibition season portends a spectacular regular season, as it did last year.

The defending Super Bowl champions again were plagued by a sputtering offense and turnovers Saturday night and fell, 30-0, to the visiting Minnesota Vikings to complete the exhibition schedule with a 1-3 record.

Minnesota finished the preseason 4-0 under its new coach, Dennis Green, and outscored its opponents by 140-6.

NFL ROUNDUP

The Vikings converted a Washington interception and fumble into 10 points on their way to a 17-0 halftime lead. They added another touchdown and field goal in the third period to go in front, 27-0; a fourth-period field goal completed the scoring.

Quarterback Rich Gannon, solidifying his hold on the Vikings' starting job, completed 14 of 21 passes for 124 yards and three touchdowns.

But Minnesota's defense pressured quarterback Mark Rypien repeatedly and allowed the Redskins only four first downs in the first half.

Rypien had a horrible game, throwing three interceptions and fumbling once while completing just 13 of 24 passes for 95 yards.

Minnesota scored its first touchdown when Gannon hit Anthony Carter with a 15-yard scoring pass with 5:36 left in the half. The Vikings moved ahead, 17-0, less than two minutes later when Gannon found Joe Johnson — acquired this week in a trade with Washington — for a five-yard touchdown pass.

That score was set up when Viking defensive end Chris Doleman hit Rypien's arm, forcing a fumble tackle that Al Noga recovered at the Washington 17. On that play and numerous others, Doleman beat All-Pro tackle Jim Lachey, one of three Redskins who reported to camp last week after lengthy contract holdouts.

Raiders 30, Oilers 26: In Los Angeles, the Raiders, who had not won since Dec. 1, beat Houston on Nick Bell's 2-yard touchdown run with 2:05 to play.

The Raiders lost their final three games of the 1991 season, the AFC wild-card game and their first three exhibition games before finally getting into the victory column.

Quarterback Jay Schroeder completed seven of 10 passes for 92 yards and one touchdown without being intercepted while playing the first half.

The Raiders moved 82 yards in 12 plays for the winning TD after Cody Carlson's 12-yard scoring pass to Corey Harris had put the Oilers ahead, 26-23.

Bell rushed for 102 yards on 13 carries and Todd Marinovich, playing the second half, completed 10 of 18 passes for 177 yards with two interceptions.

Steelers 24, Giants 3: In Pittsburgh, Neil O'Donnell made a claim for the starting quarterback job, capping two 11-play drives in the first half with touchdown passes of 2 and 7 yards to Eric Green.

With Jeff Hostetler injured, Phil Simms played the first 3½ quarters for New York, completing eight of 11 for 124 yards.

Patriots 24, Packers 10: In Milwaukee, Hugh Millen hit Marv Cook with two second-quarter touchdown passes as New England finally won an exhibition game.

The Patriots built a 17-10 halftime lead with the aid of several Packers mistakes and then used the second interception of quarterback Don Majkowski to set up a third-quarter touchdown.

■ *In other NFL news:*

• The New England Patriots-Miami Dolphins game scheduled for Sept. 6 in Miami has been rescheduled for Oct. 18 because of cleanup efforts in the wake of Hurricane Andrew. Both teams were originally off that weekend.

• Ronnie Haliburton, a linebacker for the Denver Broncos, may have suffered a career-ending injury in Friday's preseason game against Phoenix, which the Cardinals won, 21-17.

Haliburton ruptured two vertebra when he collided with a Phoenix player late in the third quarter after a Denver kickoff.

• The Atlanta Falcons, having already lost Pro Bowl cornerback Deion Sanders and safety Brian Jordan to baseball, lost two safeties to injuries in the first half of a preseason game Friday against the Buffalo Bills.

Starter Scott Case went out in the first quarter with a broken right thumb, and reserve safety Tracey Eaton left with a sprained right knee in the second quarter. Buffalo won, 27-21.

• The Dallas Cowboys will open the regular season without injured defensive tackle Tony Casillas, coach Jimmy Johnson said.

The Cowboys could also begin the season Sept. 7 against the Redskins minus their other starting tackle, Russell Maryland.

Casillas, who suffered a sprained right knee in Friday night's 20-13 exhibition loss to the Chicago Bears, could be placed on injured reserve next week. Maryland has been slowed by a dislocated toe.

• Kevin Lewis of the San Francisco 49ers sustained a neck injury when he was hit while returning a punt during an exhibition game against Seattle on Friday night.

Lewis was sandwiched among three tacklers and appeared to strike his head hard on the turf when knocked to the ground near the Seattle 40-yard line with 1:39 remaining in the second quarter. The 49ers won, 24-17.

• Jay Hilgenberg, who sought to become one of the NFL's highest paid linemen after being selected a seven-time Pro Bowl player during his 11 season with the Bears, was traded Friday to the Cleveland Browns for a second- to fourth-round draft choice, depending on how well he does this season.



Agence France-Presse

The Vikings' Chris Doleman sacking the Redskins' Mark Rypien.

N.C. State Upsets Iowa In Opener

The Associated Press

EAST RUTHERFORD, New Jersey — Terry Jordan, who missed seven games last season with a broken arm, looked very healthy as he led North Carolina State to victory in college football's Kickoff Classic.

The quarterback ran for 71 yards and threw for 160, including a 5-yard touchdown pass to Eddie Goines with 1:53 left in Saturday night's game that clinched State's 24-14 victory over Iowa, ranked 16th in The Associated Press's preseason poll.

State scored in the opening half on a two-yard run by Gary Downs and a 49-yard dash by Anthony Barbour. Iowa got second-quarter TD passes of 23 and 9 yards from Jim Hartlieb to Danan Hughes.

It remained tied until 6:50 was left in the game, when sophomore Steve Videtich put State ahead, 17-14, on his first college field-goal kick, a 46-yarder. State regained possession on an interception and drove 34 yards for the clincher.

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday)

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	73	57	.562	—
Baltimore	71	58	.550	1½
Milwaukee	69	60	.535	3½
Detroit	63	67	.485	10
New York	61	69	.469	12
Boston	59	70	.457	13½
Cleveland	59	70	.457	13½
West Division				
Oakland	78	51	.605	—
Minnesota	71	59	.546	7½
Chicago	68	59	.535	9
Texas	64	68	.485	15½
California	57	71	.454	19½
Kansas City	57	71	.445	20½
Seattle	54	76	.415	24½

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	73	56	.566	—
Montreal	69	59	.539	3½
Chicago	65	63	.508	7½
St. Louis	62	65	.488	11
New York	59	67	.468	12½
Philadelphia	52	75	.409	20
West Division				
Atlanta	75	51	.595	—
Cincinnati	71	57	.555	5
San Diego	69	59	.539	7
Houston	60	69	.465	16½
San Francisco	59	70	.457	17½
Los Angeles	53	76	.411	23½

Friday's Line Scores

AMERICAN LEAGUE

Chicago 000 000 001—1 5 1
Texas 200 200 00x—4 11 0
Hibbard, Pall (5), Radinsky (8) and Karkovice; K.Brown and Rodriguez. W—K.Brown, 17-8. L—Hibbard, 9-6.

Kansas City 001 001 000—2 10 2
Detroit 000 000 22x—4 6 0
R.Reed, Meacham (7), Magnante (8) and Macfarlane; Tanana, Terrell (7), Henneman (9) and Tettleton. W—Terrell, 5-9. L—Meacham, 8-4. Sv—Henneman (22). HR—Detroit, Gladden (7).

Milwaukee 214 601 233—22 31 0
Toronto 001 001 000—2 9 1
Eldred, Fetters (8), Henry (9) and Surhoff, Nilsson (6); Key, Timlin (2), Linton (4), MacDonald (4), Eichhorn (8), Wells (9) and Borders. W—Eldred, 5-1. L—Key, 8-12. HR—Milwaukee, Molitor (12).

New York 000 000 300 000 00—3 9 1
Minnesota 100 002 000 000 01—4 13 1
(14 innings)
Sanderson, Habyan (7), Monteleone (10), Cadaret (13) and Nokes; Erickson, Edens (10), Guthrie (10), Willis (11) and Harper. W—Willis, 5-3. L—Cadaret, 4-8. HRs—New York, Nokes (19). Minnesota, Mack (13).

Cleveland 021 020 001—6 13 1
Oakland 310 002 01x—7 8 0
Armstrong, Plunk (7), Olin (8) and Ortiz, Levis (8); Moore, Corsi (5), Parrett (8), Honeycutt (8), Eckersley (9) and Steinbach. W—Corsi, 3-1. L—Armstrong, 5-14. Sv—Eckersley (41). HRs—Oakland, Baines (12), Lansford (7), Blankenship (2).

Boston 002 000 122—7 10 2
California 000 001 000—1 10 2
Clemens, Harris (8) and Pena; Finley, Butcher (8), S.Lewis (9), Bailes (9) and Tingley, Fitzgerald (7). W—Clemens, 16-8. L—Finley, 4-11. HR—Boston, Valentin (2).

Baltimore 100 110 010—4 5 3
Seattle 101 112 00x—6 14 1
McDonald, Mills (5) and Hoiles; Leary, Schooler (6), Barton (8), J.Nelson (8) and Valle. W—Leary, 6-6. L—McDonald, 12-10. Sv—J.Nelson (4). HR—Seattle, T.Martinez (12).

NATIONAL LEAGUE

San Francisco 000 010 010—2 11 0
Chicago 000 000 03x—3 8 1
Black, Jackson (8), Beck (8) and Manwaring; Morgan, Scanlon (9) and Girardi. W—Morgan, 13-6. L—Jackson, 5-5. Sv—Scanlon (11).

First Game

Cincinnati 001 000 200—3 9 1
New York 000 010 12x—4 7 0
Rijo, Bankhead (8), Dibble (8) and Oliver; Schourek, Innis (7), Jones (8), Young (9) and Hundley. W—Jones, 6-6. L—Bankhead, 9-3. Sv—Young (10). HRs—New York, Bass (8), Boston (11).

Second Game

Cincinnati 000 000 001—1 5 0
New York 211 100 52x—12 15 0
Foster, Ruskin (4), D.Henry (6), Charlton (8) and Wrona; Whitehurst, Guetterman (7) and O'Brien. W—Whitehurst, 2-7. L—Foster, 1-1. Sv—Guetterman (2). HR—New York, O'Brien (2).

Los Angeles 000 000 000—0 3 0
St. Louis 100 000 00x—1 4 0
Ojeda, Gott (8) and Sciascia; M.Clark, Worrell (8), Le.Smith (9) and Pagnozzi. W—M.Clark, 3-7. L—Ojeda, 6-6. Sv—Le.Smith (34).

Atlanta 300 000 000—3 7 2
Philadelphia 303 010 00x—7 7 1
Smoltz, M.Davis (7), Wohlers (8) and Olson; Mulholland and Daulton. W—Mulholland, 12-8. L—Smoltz, 14-9. HR—Philadelphia, Daulton (24).

Montreal 000 001 000—1 5 0
Houston 300 300 11x—8 12 1
Gardner, Valdez (4), Young (7) and Laker, Fletcher (7); Harnisch, Murphy (9) and Taubensee. W—Harnisch, 5-9. L—Gardner, 11-9.

Pittsburgh 011 300 100—6 9 0
San Diego 400 030 40x—11 15 0
Drabek, Mason (5), Cooke (7), Belinda (7), Neagle (8) and Slaught; B.Hurst, M.Maddux (5), Rodriguez (7), T.Scott (8) and Santiago. W—M.Maddux, 2-1. L—Drabek, 10-10. HRs—Pittsburgh, Redus (2), Bonds (22). San Diego, Sheffield (28), McGriff (30), Dr.Jackson (15).

Saturday's Line Scores

AMERICAN LEAGUE

Kansas City 000 010 000—1 4 0
Detroit 200 640 00x—12 11 0
Berenguer, Boddicker (4), Sauveur (7) and Macfarlane; Gullickson, Lancaster (8) and Tettleton, Kreuter (7). W—Gullickson, 14-8. L—Berenguer, 1-2. HRs—Detroit, Fielder (29), Whitaker (15), Deer (26), Fettis (1).

Milwaukee 000 120 400—7 8 0
Toronto 000 002 000—2 6 1
Bosio, Henry (9), Holmes (9) and Surhoff; Cone, Ward (7), Linton (9) and Borders. W—Bosio, 12-5. L—Cone, 0-1. Sv—Holmes (3). HR—Toronto, Carter (28).

Cleveland 000 000 100—1 4 1
Oakland 010 010 20x—4 7 1
Mesa, Wickander (8) and Levis; Stewart, Horsman (7), Parrett (7), Honeycutt (8), Eckersley (9) and Steinbach. W—Stewart, 10-8. L—Mesa, 5-10. Sv—Eckersley (42). HR—Oakland, Browne (2).

New York 330 000 000—6 8 0
Minnesota 030 000 000—3 6 0
Wickman, Farr (9) and Stanley; Krueger, Edens (5), Aguilera (8) and Harper. W—Wickman, 1-0. L—Krueger, 10-6. Sv—Farr (22). HR—New York, Tartabull (19).

Chicago 001 010 400—6 9 1
Texas 010 002 010—4 7 2
McDowell, Alvarez (7), Hernandez (7) and Fisk; Witt, Rogers (7), Whiteside (7), Bohanon (9), Burns (9) and Rodriguez. W—McDowell, 18-7. L—Witt, 9-13. Sv—Hernandez (5). HRs—Texas, Gonzalez 2 (36).

Boston 000 020 000—2 4 3
California 013 100 20x—7 11 2
Dopson, Fossas (7), Gardiner (7) and Marzano; Langston, Grahe (8) and Orton. W—Langston, 12-11. L—Dopson, 6-7. HR—Boston, Wedge (2).

Baltimore 002 002 000—4 11 0
Seattle 000 000 000—0 5 2
Rhodes, Frohwirth (8), Olson (9) and Hoiles; Grant, Jones (6), Powell (9) and Valle. W—Rhodes, 5-4. L—Grant, 2-4. Sv—Olson (30).

NATIONAL LEAGUE

Cincinnati 201 001 001—5 11 3
New York 040 010 10x—6 9 0
Hammond, Ruskin (6) and Oliver; Gooden, Innis (7), Young (9) and O'Brien. W—Gooden, 8-11. L—Hammond, 7-9. Sv—Young (11). HR—Cincinnati, Morris (6).

San Francisco 000 011 000—2 6 0
Chicago 102 002 02x—7 13 0
Burba, Pena (3), Brantley (5), Righetti (6), Oliveras (7), Hickerson (8) and Manwaring; Castillo, Robinson (7), Assenmacher (8), Scanlan (8) and Wilkins. W—Castillo, 8-10. L—Burba, 2-7. Sv—Scanlan (12). HRs—San Francisco, Manwaring (2), Leonard (4). Chicago, Grace (8), Dawson (18), Sanchez (1), Sandberg (16).

Atlanta 200 010 400—7 13 2
Philadelphia 000 000 204—6 7 1
Leibrandt, Stanton (9), Freeman (9), Mercker (9) and Olson; Schilling, Abbott (7), Ayrault (7), Mt.Williams (9) and Daulton. W—Leibrandt, 11-5. L—Schilling, 11-9. Sv—Mercker (6). HRs—Atlanta, Justice (12), Bream (8); Philadelphia, Hollins (19).

Montreal 000 002 000—2 5 1
Houston 150 100 01x—8 10 0
Barnes, Valdez (2), Fassero (5), Rojas (7), Wetteland (8) and Carter, Fletcher (7); J.Jones, Murphy (6), Hernandez (6), D.Jones (9) and Taubensee. W—J.Jones, 8-5. L—Barnes, 4-5. HR—Houston, Caminiti (9).

Los Angeles 000 101 000—2 8 0
St. Louis 000 030 00x—3 6 2
Gross, McDowell (8) and Sciascia; Olivares, Worrell (8), L.Smith (9) and Pagnozzi. W—Olivares, 8-8. L—Gross, 6-13. Sv—L.Smith (35). HRs—Los Angeles, Karros (18).

Pittsburgh 000 700 020—9 8 1
San Diego 002 000 000—2 7 1
Tomlin, Patterson (8), Mason (8) and LaValliere; Gr.Harris, Myers (8) and Santiago. W—Tomlin, 13-8. L—Gr.Harris, 2-6. Sv—Mason (7).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	56	44	0	.560	—
Yomiuri	57	50	0	.533	2½
Hanshin	55	49	1	.529	3
Hiroshima	52	50	0	.510	5
Taiyo	48	57	1	.458	10½
Chunichi	43	61	0	.413	15

Saturday's Results
Yakult 5, Chunichi 2
Yomiuri 5, Hiroshima 4
Taiyo 4, Hanshin 3

Sunday's Results
Chunichi 5, Yakult 4
Hiroshima 4, Yomiuri 0
Taiyo 9, Hanshin 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	64	34	2	.650	—
Kintetsu	53	40	6	.566	8½
Nippon Ham	47	53	2	.471	18
Orix	44	54	4	.451	20
Daiei	44	56	1	.441	21
Lotte	43	58	1	.427	22½

Saturday's Results
Seibu 6, Lotte 1
Orix 10, Kintetsu 5
Daiei 2, Nippon Ham 0

Sunday's Results
Lotte 2, Seibu 0, 10 innings
Kintetsu 5, Orix 4, 10 innings
Nippon Ham 1, Daiei 0, 12 innings

AUTO RACING

Belgian Grand Prix

Results in Sunday's race, 44 laps on the 6.94-kilometer (4.31-mile) circuit at Spa-Francorchamps: 1. Michael Schumacher, Germany, Benetton-Ford, 1 hour, 36 minutes, 10.721 seconds; 2. Nigel Mansell, Britain, Williams-Renault, 36.595 seconds behind; 3. Riccardo Patrese, Italy, Williams-Renault, 43.897 behind; 4. Martin Brundle, Britain, Benetton-Ford, 46.0059 behind; 5. Ayrton Senna, Brazil, McLaren-Honda, 1:08.369 behind; 6. Mika Hakkinen, Finland, Lotus-Ford, 1:10.030 behind; 7. J.J. Lehto, Finland, BMS Dallara-Ferrari, 1:38.237 behind; 8. Andrea De Cesaris, Italy, Tyrrell-Ilmor, 1 lap behind; 9. Aguri Suzuki, Japan, Footwork-Mugen-Honda, 1 lap behind; 10. Erik Van de Poele, Belgium, Fondmetal-Ford, 1 lap behind.

Drivers' championship standings (after 12 races): 1. Mansell, 98 points (1992 World Champion); 2. Patrese, 44; 3. Schumacher, 43; 4. Senna, 36; 5. Gerhard Berger, Austria, McLaren Honda, 24; 6. Brundle, 21; 7. Jean Alesi, France, Ferrari, 13; 8. Hakkinen, 9; 9. Michele Alboreto, Italy, Footwork Mugen-Honda, 5; 10. (tie) De Cesaris and Erik Comas, France, Ligier-Renault, 4.

Constructors' standings: 1. Williams-Renault, 142 points (1992 World Champion); 2. Benetton-Ford, 64; 3. McLaren-Honda, 60; 4. Ferrari, 16; 5. Lotus-Ford, 11; 6. Footwork Mugen-Honda, 5; 7. Tyrrell-Ilmor, 4; 8. Ligier-Renault, 4; 9. March-Ilmor, 3; 10. BMS Dallara-Ferrari, 2.

TENNIS

MAZDA CLASSIC
In Carlsbad, Calif.
Quarterfinals

Conchita Martinez (3), Spain, def. Ann Grossman, Grove City, Ohio, 6-1, 6-3; Jennifer Capriati (2), Saddlebrook, Fla., def. Zina Garrison (7), Houston, 6-4, 6-4; Anke Huber (4), Germany, def. Nathalie Tauziat (6), France, 6-1, 6-1.

Semifinals

Capriati def. Huber, 7-6 (8-6), 3-6, 6-1; Martinez def. Meskhi, 3-6, 7-6 (7-5), 6-2.

OTB OPEN
In Schenectady, N.Y.

MEN
Quarterfinals

Wayne Ferreira, South Africa, def. Richard Fromberg, Australia, 6-7 (7-4), 6-3, 6-3; Andrei Chesnokov, Russia, def. Andrei Olhovskiy, Russia, 6-1, 7-6 (7-3); Wayne Ferreira-Richard Fromberg, susp., darkness with sets tied 1-1.

Semifinals

Morgan def. Sanchez, 6-4, 7-6 (5); Ferreira def. Chesnokov, 6-4, 6-2.

WOMEN
Quarterfinals

Marianne Werdel, U.S., def. Stephanie Rottier, Netherlands, 6-4, 6-4; Barbara Rittner (3), Germany, def. Alexia Dechaume, France, 6-2, 6-2; Brenda Schultz (4), Holland, def. Helen Kelesi, Canada, 6-2, 6-3; Florencia Labat, Argentina, def. Radka Zrubkova (2), Czechoslovakia, 6-4, 4-6, 6-2.

Semifinals

Rittner def. Werdel, 6-1, retired; Schultz def. Labat, 6-1, 6-4.

HAMLET CUP
In Commack, N.Y.
Quarterfinals

Stefan Edberg (1), Sweden, def. Carsten Arriens, Germany, 6-4, 6-0; Ivan Lendl (3), U.S., def. Boris Becker (5), Germany, walkover; Petr Korda (4), Czechoslovakia, def. Stefano Pescosolido, Italy, 7-6 (7-4), 6-2; Michael Chang (2), U.S., def. Alexander Volkov (7), Russia, 6-1, 6-3.

Semifinals

Korda def. Edberg, 7-5, 7-5; Lendl def. Chang, 6-2, 6-3.

CROATIAN OPEN
In Umag
Semifinals

Thomas Muster (1), Austria, def. Jordi Arrese (3), Spain, 6-4, 6-4; Franco Davin (5) Argentina, def. Horst Skoff, Austria, 2-0, retired.

Final

Muster def. Davin, 6-1, 4-6, 6-4.

FOOTBALL

NFL Preseason

Friday's Results
Cleveland 24, Tampa Bay 3
Cincinnati 34, Detroit 17
Buffalo 27, Atlanta 21
Chicago 20, Dallas 13
Indianapolis 21, Kansas City 10
San Francisco 24, Seattle 17
Phoenix 21, Denver 17

Saturday's Results
Los Angeles Raiders 30, Houston 26
Pittsburgh 24, New York Giants 3
Minnesota 30, Washington 0
New England 24, Green Bay 10
(End of preseason schedule)

SOCCER

DUTCH FIRST DIVISION
FC Volendam 0, RKC Waalwijk 2
Sparta Rotterdam 0, Ajax Amsterdam 0
FC Utrecht 0, Feyenoord Rotterdam 0
FC Twente Enschede 5, FC Groningen 0
Roda JC Kerkrade 0, Vitesse Arnhem 2
Go Ahead Eagles Deventer 2, BVV Den Bosch 0
SVV/Dordrecht '90 2, MVV Maastricht 2
Fortuna Sittard 0, Willem II Tilburg 1

Standings: Feyenoord Rotterdam and Ajax Amsterdam, 5 points; FC Utrecht, Vitesse Arnhem and FC Twente Enschede, 4; RKC Waalwijk, Go Ahead Eagles, BVV Den Bosch, Willem II Tilburg and Sparta Rotterdam, 3; PSV Eindhoven, Cambuur Leeuwarden, MVV Maastricht, Roda JC Kerkrade and FC Groningen, 2; FC Volendam, Fortuna Sittard and SVV/Dordrecht '90, 1.

ENGLISH PREMIER LEAGUE
Arsenal 2, Sheffield Wednesday 1
Chelsea 1, Queens Park Rangers 0
Coventry 0, Blackburn 2
Crystal Palace 1, Norwich 2
Everton 0, Wimbledon 0, tie
Leeds 2, Liverpool 2, tie
Manchester City 3, Oldham 3, tie
Nottingham Forest 0, Manchester United 2
Sheffield United 0, Aston Villa 2
Southampton 2, Middlesborough 1
Ipswich 1, Tottenham 1

Standings: Blackburn, 11 points; Queens Park Rangers and Norwich, 10; Everton, Arsenal and Coventry, 9; Leeds, 8; Manchester United and Ipswich, 7; Middlesbrough, Sheffield Wednesday, Aston Villa, Oldham and Chelsea, 6; Manchester City, Liverpool and Southampton, 5; Crystal Palace and Sheffield United, 4; Nottingham Forest and Tottenham, 3; Wimbledon, 2.

FRENCH FIRST DIVISION
Paris St Germain 2, Caen 0
Toulon 1, Montpellier 0
Nimes 1, Nantes 1
Lyon 2, Marseille 2
Auxerre 1, Bordeaux 0
Le Havre 0, Monaco 0
Metz 5, Sochaux 1
Toulouse 1, Strasbourg 1
Lens 1, St Etienne 1
Valenciennes 0, Lille 1

Standings: Paris St Germain, 8 points; Auxerre, Montpellier, Nantes and Marseille, 6; Monaco and Strasbourg, 5; Metz, Le Havre, St Etienne, Bordeaux, Lille, Toulon and Sochaux, 4; Lens, 3; Caen, Lyon and Nimes, 2; Toulouse, 1; Valenciennes, 0.

GERMAN FIRST DIVISION
FC Nuremberg 0, Bayer Leverkusen 1
Borussia Moench. 0, Bayer Uerdingen 4
VfB Stuttgart 2, Karlsruhe SC 1
FC Saarbruecken 1, Schalke 3
Borussia Dortmund 1, Kaiserslautern 0
Wattenscheid 1, Eintracht Frankfurt 2
Bayern Munich 3, Dynamo Dresden 1
FC Cologne 2, Hamburg SV 2, tie
Werder Bremen 3, VfL Bochum 1

Standings: Bayern Munich and Bayer Leverkusen, 6 points; Eintracht Frankfurt, Borussia Dortmund and VfB Stuttgart, 5 points; Karlsruhe SC, Schalke, VfL Bochum, Kaiserslautern, Dynamo Dresden and Werder Bremen, 4 points; Bayer Uerdingen, Hamburg SV, Wattenscheid, Nuremberg, Saarbruecken and Borussia Moench., 3 points; FC Cologne, 1.

ITALIAN CUP
Second Round, First Leg
Sampdoria 2, Cesena 1

AFRICAN NATIONS' CUP
Group 3
Sierra Leone 1, Algeria 1
Group 4
Zaire 3, Kenya 1
Nigeria 2, Uganda 0

TRANSACTIONS

BASEBALL
American League

OAKLAND—Recalled Eric Fox, outfielder, from Tacoma, Pacific Coast League. Optioned Bruce Walton, pitcher, to Tacoma.

TORONTO—Optioned Bob MacDonald, pitcher, to Syracuse, International League. Activated Juan Guzman, pitcher, from disabled list.

National League

CINCINNATI—Sent Steve Foster, pitcher, to Nashville, American Association. Recalled Geronimo Berroa, outfielder, from Nashville.

MONTREAL—Traded Bill Sampen and Chris Haney, pitchers, to Kansas City for Sean Berry, third baseman, and Archie Corbin, pitcher.

SAN FRANCISCO—Optioned Francisco Oliveras, pitcher, to Phoenix, Pacific Coast League. Bought contract of Steve Reed, pitcher, from Phoenix.

BASKETBALL
National Basketball Association

CHARLOTTE—Signed Muggsy Bogues, guard, to multiyear contract.

MINNESOTA—Agreed to terms with Chris Smith, guard, on multiyear contract.

FOOTBALL
National Football League

ATLANTA—Waived Keith Alex and Leroy Truitt, tackles; William Evers, cornerback; Joe Sims, guard; Robin Jones, Sean Smith and Rod Saddler, defensive ends; Karl Miller, wide receiver, and Troy Mills, running back.

NEW ORLEANS—Waived Anthony Gibson, safety; Anthony Florence, cornerback; Scott Ross, linebacker; Mike Graybill, guard, and Nate Bolton, wide receiver.

PHILADELPHIA—Waived Guy Bingham, center; Bobby Humphery, cornerback; Robert Presbury, Cecil Gray and Robb White, defensive linemen; John Bruhin, guard; Tom Gerhart, safety; Brandon Houston, tackle; Paul Kovell, tight end, and Billy Hess, wide receiver.

CLEVELAND—Acquired Jay Hilgenberg, center, from Chicago for conditional 1993 draft choice. Signed Bruce Hill, wide receiver. Claimed Wayne Haddix, defensive back, off waivers from Tampa Bay.

L.A. RAIDERS—Released Stacey Simmons, wide receiver. Activated Winston Moss, linebacker.

N.Y. JETS—Waived Raul Allegre, placekicker.

PITTSBURGH—Activated Cornell Lake, strong safety. Waived Darrin Chandler, wide receiver.

TAMPA BAY—Activated Tom McHale, guard, and Reuben Davis, defensive tackle, from commissioner's exemption list. Waived John Hunter, guard.

HOCKEY
National Hockey League

HARTFORD—Traded Bobby Holik, right wing, 1993 second-round draft choice and conditional 1994 draft choice to New Jersey for Sean Burke, goaltender, and Eric Weinrich, defenseman.

COLLEGE

EAST COAST ATHLETIC CONFERENCE—Coppin State and Virginia joined the conference.

ECAC—Named Mary Lou Thimas assistant commissioner.

SOUTHWESTERN ATHLETIC CONFERENCE—Stripped Alcorn State of all 28 baseball victories from last season for use of an ineligible player.

ALABAMA STATE—Suspended Houston Markham, football coach, for five days for knowingly violating NCAA rules.

AMERICAN INTERNATIONAL—Named Ferdie Alo Adoboe women's assistant soccer coach; Larry Hiser assistant baseball coach; and Kuel McQuaid women's assistant volleyball coach.

ARIZONA STATE—Suspended Dwayne Fontana, basketball forward, after arrest in investigation of sexual assault.

ARKANSAS STATE—Named Rick Nesler women's assistant basketball coach.

ARMY—Named Steve Strome men's tennis coach.

BOSTON U.—Named Levern Belin defensive line coach; Bill von Klock running backs coach; John McCarthy wide receivers coach and Wally Dembowski tight ends-assistant offensive line coach.

BROWN—Named Jamie Rice assistant ice hockey coach.

CLEMSON—Named Michelle Nelson women's assistant basketball coach, and Paul Kruse men's assistant tennis coach.

CORTLAND STATE—Named Linda Brown women's softball coach, Kimberly Iek men's and women's swimming coach, and Steve Kuramoto women's gymnastics coach.

DELAWARE—Named Laura LeRoy women's tennis coach.

EAST CAROLINA—Named Ellen Langhi women's assistant basketball coach.

EDINBORO—Named Tim Flynn assistant wrestling coach.

ERSKINE—Named Ralph Patterson men's basketball coach.

FRANKLIN & MARSHALL—Named James Phipps men's tennis coach, and Suzanne Snofritz women's lacrosse and field hockey coach.

CRICKET

SECOND TEST
Australia vs. Sri Lanka, Third Day
Sunday, in Colombo, Sri Lanka
Australia 1st innings: 247
Sri Lanka 1st innings: 258-9

DENNIS THE MENACE

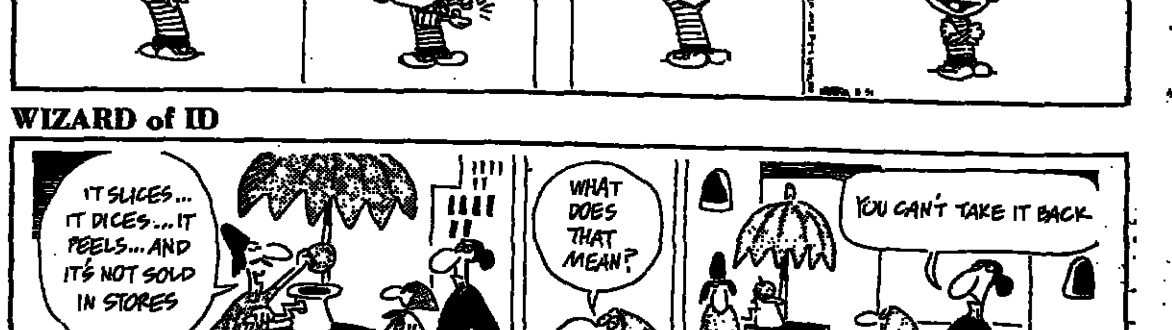


"THEN THE KID SAYS, 'IT WORKS JUST LIKE A WATER PISTOL, DON'T IT?' AND BEFORE I COULD GET IT AWAY FROM HIM..."

PEANUTS



CALVIN AND HOBBES



BLONDIE



WIZARD of ID



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WELJE

CEENI

NAPHOR

BALIVE



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: WILL

(Answers tomorrow)

Saturday's Jumbles: GAVEL IRONY DOOMED HORROR
Answer: What do you call a bunch of dopey cows? — A NERD HERD

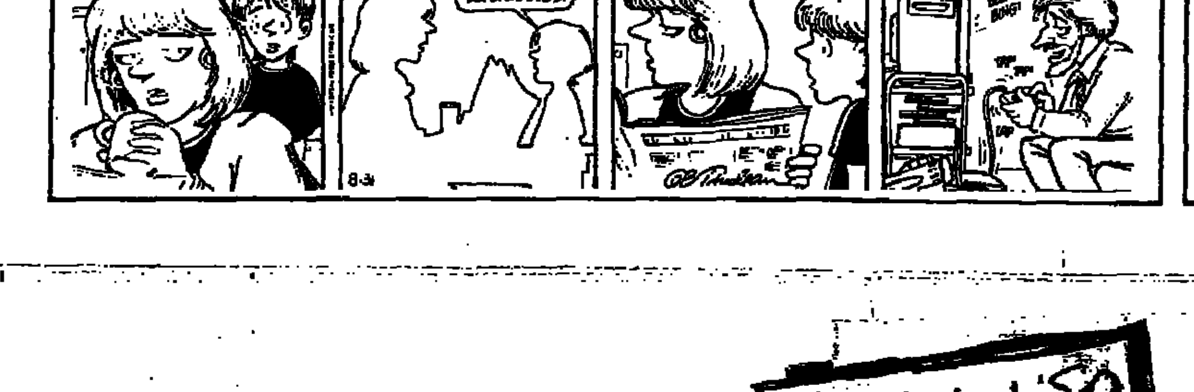
BEETLE BAILEY



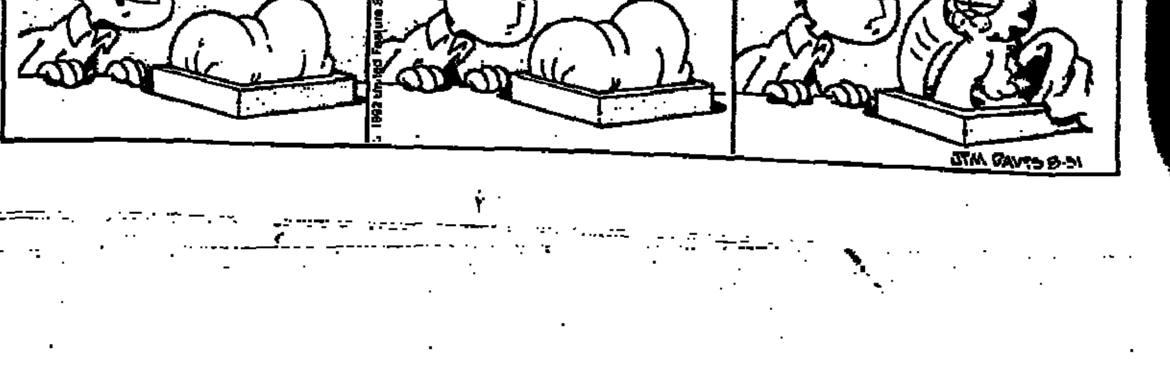
REX MORGAN



DOONESBURY



GARFIELD

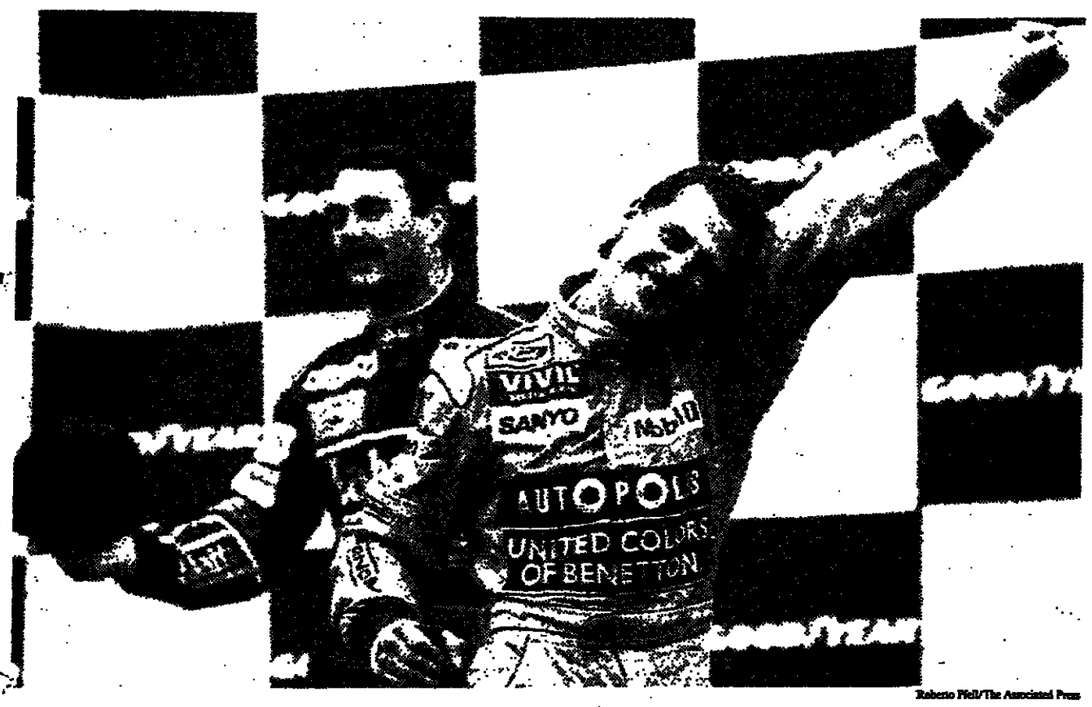


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MONDAY SPORTS AUTO RACING



Roberto Pfeil/The Associated Press

Michael Schumacher, an ecstatic first-time winner, after defeating world champion Nigel Mansell, rear, in the Belgian Grand Prix.

A Young German, Schumacher, Outlasts Mansell and the Rain

Compiled by Our Staff From Dispatches

SPA-FRANCORCHAMPS, Belgium — Michael Schumacher defeated Nigel Mansell in a rain-plagued Belgian Grand Prix on Sunday, the first victory of the 23-year-old German driver's Formula One career.

It was also the first victory for a German since 1975, when Jochen Mass won in Spain. "There are a lot of German fans here and they waited a long time for this," said Schumacher, who made his debut a year ago. "It's the first time since I don't know when I really cried."

Schumacher's triumph, in a Benetton-Ford, was all the more impressive in the light of the treacherous, wet conditions that prevailed over the long, demanding Spa-Francorchamps circuit through Saturday's qualifying and the first half of Sunday's 44-lap race.

Gerhard Berger, the Austrian driver, was left on the starting grid Sunday with a gearbox problem; on Saturday, a spectacular crash in a downpour destroyed his McLaren-Honda but left him uninjured.

Mansell has already won the world championship with eight victories this season, and he was running close behind Schumacher when his Williams-Renault car developed problems with seven laps to go.

"I lost the whole left hand bank of the exhaust system," the British driver said afterward. "It fell off the car. I was still going flat out but I was losing something like five seconds a lap."

Schumacher's margin of victory over Mansell was 36.595 seconds.

Riccardo Patrese, Mansell's teammate, came in third, clinching the constructors title for Williams-Renault.

Martin Brundle of Britain, Schumacher's teammate, finished fourth while Ayrton Senna of Brazil came in fifth in the other McLaren-Honda. The Ferraris failed to finish.

Senna led early before Mansell overtook him on the 11th lap. Mansell remained in front until the 33d lap, when he pitted for tires as the track dried, but after Schumacher had already done so. Mansell's pit stop enabled the German to take the lead, but he led Mansell by only 5.7 seconds before the Briton's mechanical problems.

Schumacher, who was running his 18th Formula One race, moved into third in the 1992 overall driver standings, behind Patrese.

The German, understandably, emphasized his own performance rather than Mansell's troubles in assessing the race.

"I think I went in for dry tires at absolutely the right moment," he said. "I am really happy that I won the race without it being due to an accident or someone having a problem with their car. It was a straightforward battle."

Schumacher had a scare in the 29th lap when took a turn wide and went briefly off the track before righting himself. "I ran wide and turned wide," he said. "I was on the grass and I was lucky not to hit the barrier."

Schumacher feels a special bond with the Spa-Francorchamps circuit. He made his debut here last year, and lives in Kerpen, Germany, just across the border.

"It is more or less my home Grand Prix since I am a lot closer to here than at Hockenheim," where the German Grand Prix is run, he said.

Berger's crash was the most spectacular of a series in the qualifying runs over the Spa-Francorchamps circuit, regarded as one of the fastest and most demanding tracks in the world. At 6.94 kilometers (4.28 miles), it is the longest now in use on the circuit and combines normal roads through the Ardennes forests with sections of purpose-built track.

Berger crashed as he powered downhill out of the La Source hairpin towards the famous, daunting, Eau Rouge corner. His car seemed to hit a stream of water and then slide out of his control before hitting the left-hand crash barriers heavily and head-on.

The car spun backward into the barrier again, slewed across the circuit and crashed backward into the barriers on the other side of the track. The front left wheel and the rear wing and other debris flew off as the car finally slid across the track again before coming to a halt.

The practice was red-flagged to a halt immediately as Berger pulled himself out of his car and was helped to the side of the track.

Berger had this week agreed to rejoin the Ferrari team on a two-year contract and to leave McLaren at the end of the season.

The session restarted 20 minutes later and was stopped by the red flag again within four minutes as Pierluigi Martini of Italy crashed at the same point, and in the same flow of water, as Berger.

Martini, driving a Ferrari-powered Dallara, slid off into the barriers and was quickly surrounded by marshals and medical staff. But he, too, was able to climb from his car unhurt.

After Martini's accident it was decided not to continue with the session and it was halted prematurely with 25 minutes remaining.

On Friday, the French driver Erik Comas, running for Ligier, crashed heavily at the Blanchimont corner and was unable to qualify.

(AP, Reuters)

■ Team Director Arrested

The head of the Andrea Moda Formula One team has been arrested on allegations of forgery, an International Auto Sports Federation official confirmed Sunday at Spa-Francorchamps, The Associated Press reported.

Andrea Sassetti, the director of the Italian team, was taken by police Saturday night from the paddock area at the circuit, according to witnesses.

A FISA official, who requested anonymity, confirmed Sunday that Sassetti was arrested in connection with allegations of forgery. The documents in question allegedly concerned payment for car parts for the two Andrea Moda cars participating in the qualifying heats.

Police officials refused to comment on the case.

The Andrea Moda team cars, driven by Roberto Moreno of Brazil and Perry McCarthy of Britain, were the two slowest in the timed practice sessions and failed to qualify for Sunday's race.

The Andrea Moda team, based in Perugia, Italy, has been plagued by financial troubles throughout the season.

On the track, too, the team has had problems. Moreno went out after 11 laps in the Monaco Grand Prix, the only time a Moda-Judd car qualified for a race.

SIDELINES

Swedes Defy Wind at English Open

BIRMINGHAM, England (UPI) — Fredrik Lundgren and Per-Ulrik Johansson of Sweden withstood fierce winds Sunday to share the lead of the English Open golf tournament after three rounds.

Both players were at 5-under-par 211, with Johansson one of the few to achieve par-72 Sunday. Lindgren had a third-round 74. Two strokes off the pace were England's Mark Roe and Italy's Silvio Grappasonni. In the high winds, 18 of the 78 players failed to break 80.

● Mark Calcavecchia shot a seven-under-par 63 on Saturday but Craig Stadler racked up a steady third-round 69 to expand his lead at the World Series of Golf in Akron, Ohio. Stadler, at 203, stood three strokes ahead of David Peoples and four ahead of Calcavecchia and Fred Couples after 54 holes. *(AP)*

ICC Head: Ball-Doctoring Not New

COLOMBO, Sri Lanka (Reuters) — The chairman of the International Cricket Council, Sir Colin Cowdrey, has said that tampering with balls during matches is not new but that all test-playing countries would have to agree on a solution to stop it.

"I am not worried about the ICC losing credibility over this issue," Cowdrey said Saturday in the wake of press criticism over the refusal by the ICC to comment on charges of "ball-doctoring" by Pakistani bowlers during their recent series in England.

"The ICC comprises nine test playing countries and it is up to them to come up with an agreed solution to the problem," Cowdrey said. "Tampering with the ball has been going on for three or four years. Lots of countries are doing it, even those in the under 19, under 23 age groups are trying to ape the thing."

Pacer's 167th Straight Loss a Record

WILKES-BARRE, Pennsylvania (AP) — Treboh Joe, a 9-year-old black pacer, has failed to win for the 167th straight race, breaking the world record for futility that had been held by New Express, who ran in Australia and New Zealand from 1977 to 1984.

Treboh Joe finished fourth Friday night, earning $105 from the betting pool for Willie Mitchell Jr., his owner and driver. And, although he paced the mile in 2:02 4/5, two full seconds behind the winner, it was Joe's best time of the summer.

● Western Hanover tied the stakes record of 1:53 3/5 in winning the Cane Pace, the first leg of pacing's triple crown, in Yonkers, New York, on Saturday night.

For the Record

Park Young Kyun of South Korea outpunched Giovanni Nieves of Venezuela for a unanimous decision Sunday in Seoul in the fifth successful defense of his WBA featherweight title. *(AP)*

Peugeot won its first world sportscar constructors' and drivers' titles Sunday when Derek Warwick of Britain and Yannick Dalmas of France triumphed in the Suzuka 1,000-kilometer race in Japan, the next-to-last competition of the 1992 season. *(AFP)*

Bobby Robson, former England soccer manager, suffered another setback as new coach of Sporting Lisbon when the Portuguese team, tied in its opener, was beaten, 2-0, Saturday night at Salgueiros. *(Reuters)*

The Little League World Series was won by the Philippines, as the Asian team defeated Long Beach, California, 15-4, in the championship game Saturday in Williamsport, Pennsylvania. (AP)

Pleasant Stage, the 1991 Eclipse Award winner as top 2-year-old filly, died of a heart attack Friday after an allergic reaction to a vitamin shot, veterinarians said in Del Mar, California. *(AP)*

FIFA has agreed to organize another meeting, this week, between Italian and Spanish officials to discuss the future of Argentine star Diego Maradona. *(AP)*

Galling, Dizzying, Rewarding: It's the U.S. Open

By Robin Finn
New York Times Service

NEW YORK — It may look like heaven to Jimmy Connors, but most players describe it as two weeks of living hell, a concrete hornets' nest of a workplace surrounded by steamy blacktop and screeching subway trains, a Grand Slam cauldron where hope evaporates quickly and survival comes close to being a medical miracle.

Take in too much of the rapid, radical pulse of the U.S. Open, which begins Monday at Flushing Meadows, and you risk sensory overload.

"The Open is definitely the most hectic one of them all," said Jennifer Capriati, who was born in nearby Mineola, Long Island, and knows a thing or two about handling herself inside the various pressure cookers of her profession. "There's not just the competition to deal with, there's the place."

Still, no Grand Slam tournament draws more of the world's top players than this one, and none offers a better reward: The men's and women's champions will each receive a record $500,000 for their time and toil this year.

"Would I still be trying to play this one if it was the Podunk Open instead of the U.S. Open?" mused Connors, whose voyage to last year's semifinal was a potboiler from his first round to his last. "That's a good question; I'm glad I don't have to answer it. This is the real Open, so let's get out there and get on with it. Grin and bear it. You know everybody else is."

Who's got the fortitude it takes to win those checks?

According to the players, there are no lock-ins for this U.S. Open, the finale of the year's quartet of Grand Slams. But there are plenty of motivational forces in operation, not the least of which is the opportunity for the two No. 1 players, Jim Courier and Monica Seles, to capture their third Grand Slam titles in 1992.

Courier and Seles have already prevailed at the French and Australian opens, and both possess ample experience on the hard courts of Flushing Meadow: Seles is the defending champion, and Courier was runner-up to Stefan Edberg last year.

What's encouraging to their rivals is that neither No. 1 has performed this summer with the machine-like efficiency they had demonstrated over the last 18 months.

Seles has uncharacteristically dropped three straight finals, a plight many trace to her being forced to blunt her two-pronged grunt. Courier hasn't won a tournament since he successfully defended his French Open title.

"And if you're No. 1, and you're not winning everything in sight, people like to say it means you're in a slump," Courier said. "I wouldn't go that far."

What's less encouraging to the rest of the field is the proficiency Courier and Seles have accumulated at Grand Slam crunch time.

Seles has won five of her last six Slam tournaments, losing only to Steffi Graf in their Wimbledon final last month. Courier has reached the final of four of his last six Slams, and won three of them.

Graf, a two-time U.S. Open champion, credits her Wimbledon victory with restoring her legendary mettle. The 22-year-old German could regain the top ranking if she wins the title and Seles stumbles early.

"But I'm looking at No. 1 more as motivation for next year," said Graf. "First I want to see from me the consistency I've been known for. This year I think Monica deserves No. 1 because she's played more consistent."

Graf wouldn't say who deserves to win the Open, where she fell last year in the semifinals to Martina Navratilova, the runner-up then and third-seeded now.

"You never should leave Martina out of the race," Graf said. "Or Gabriela. Or Arantxa." Along with Gabriela Sabatini and Arantxa Sánchez-Vicario, Capriati, who defeated Graf for the first time with Barcelona's gold medal at stake, rounds out the list of usual suspects among the top women. All of them should navigate the first week without trauma.

The same can't be said for the men. Fifth-seeded Goran Ivanisevic, shaky of resolve after a quarterfinal loss to MaliVai Washington at New Haven, Connecticut, and slated for a first-round clash with Olympic gold medalist Marc Rosset, has already declared himself a candidate for an upset.

"When you've played too much tennis, you come to the point where you hate to see the court, hate to see the other guy across the net," said Ivanisevic, the Wimbledon runner-up. "I have to get over that or I'm going nowhere."

Wimbledon's sleeper champion, Andre Agassi, has just recovered from tonsilitis, but he insists he has finally got the knack of winning a Slam tournament after having three runner-up showings, one of which happened at the U.S. Open in 1990 against Pete Sampras.

"Knowing you can go the distance and get to a final is a great accomplishment in itself, but it's nothing compared to knowing you can get the job done once you're there," said the eighth-seeded Agassi.

This year there are three Americans among the top five seeded players, Courier, Sampras, and Michael Chang. With new citizen Ivan Lendl, a three-time Open champion, seeded just behind Agassi, the prospect of an American champion seems realistic.

"Pete Sampras is playing the best tennis in the world in the last month, and if you made the ranking up today, he'd have No.1," observed Edberg, who also thinks he and Lendl are reaching their 1992 peak in prime time for the Open. "Courier was really the favorite at the French, but here there are a couple guys, including myself, who could be favored."

Rankings and statistics and good intentions aside, said 16th-seeded John McEnroe, who has won four Opens and hungers for one last hurrah: "It's all about adrenaline out there. If you've got that charged up, the rest will take care of itself."

Winning Croatia Tennis, Muster Donates Prize

The Associated Press

UMAG, Croatia — Thomas Muster of Austria shook off a second-set loss and beat Franco Davin, 6-1, 4-6, 6-4, on Sunday in the rain-delayed championship of the $260,000 Croatian Open tennis tournament.

Muster, who was seeded first, said he would donate his prize money of nearly $34,000 to Croatia's refugee relief effort. The republic has been overwhelmed by hundreds of thousands of refugees forced from their homes in Yugoslavia's violent breakup.

Muster, who breezed by most of his earlier opponents here, struggled at times against the fifth-seeded Argentinian in the 2 hour, 14 minute match.

● Jennifer Capriati breezed past ailing Conchita Martinez, 6-3, 6-2, in the championship match of the Mazda Classic on Sunday, The Associated Press reported from Carlsbad, California.

It was the second year in a row that Capriati, ranked sixth in the world, had won this event.

Capriati, the surprise winner of the women's gold medal at the Olympic Games in Barcelona, dominated the baseline rallies that characterized the match with Martinez. The eighth-ranked Spaniard played despite pain in her right arm caused by a tendon problem aggravated in the semifinals. She received treatment from the trainer between sets.

Capriati, 16, fell behind 1-2 in Sunday's first set, but recovered quickly. In the next three games, Capriati lost only three points to take a 4-2 edge. She enjoyed her most impressive sequence of the match with six sharp winning shots, highlighted by backhand placement from halfcourt.

Capriati went ahead 4-1 in the second set when Martinez lost the fifth game on a mis-hit at the end of a long rally.

● Jamie Morgan of Australia shocked fifth-seeded Emilio Sánchez of Spain, 6-4, 7-6 (7-5), to gain Sunday's final of the OTB International Open, The Associated Press reported from Schenectady, New York.

Morgan, a 21-year-old in his second year on the pro tour, lost in the final of the qualifying rounds, but gained the main draw as a "lucky loser" when Tomas Carbonell withdrew with an ankle injury.

In the other semifinal, Wayne Ferreira of South Africa beat Andrei Chesnokov of Russia, 6-4, 6-2.

● Boris Becker pulled out of the Hamlet Cup tournament Friday because of a stomach virus, but said he hoped to be ready for the U.S. Open, Reuters reported from Commack, New York.

Becker became ill after a three-set victory over fellow German Carl-Uwe Steeb in hot and humid weather late Thursday night.



Marilynn Young/The Associated Press

Jennifer Capriati tuning up at the tournament in Carlsbad, California.

Korda's List of Top 10 Victories Now Has a No. 1

By Peter Bodo
New York Times Service

COMMACK, New York — Petr Korda has been nipping at the heels of the world's top-ranked players for about a year now, and returning from the chase with nothing more than chipped teeth.

But Sunday, he was facing Ivan Lendl in the $265,000 Hamlet Cup final after bringing down Stefan Edberg, the defending U.S. Open champion, 7-5, 7-5, in the semifinals. Lendl had beaten Michael Chang, 6-2, 6-3, on Saturday.

"I don't know if this will help me at Flushing Meadows," Korda said, looking ahead to the Open, which begins Monday. "But I feel more like I am ready for the top players in the Grand Slam tournaments. Now the result of any match I play against a guy in the top 10 can be open."

Korda, a 24-year-old from Prague who is ranked No. 6 in the world, has never defeated a top 10 player in Grand Slam tournaments. He began 1992 with a 8-11 record in the Slams.

In 1992, he lost in the first round of the Australian Open and the second round at Wimbledon. But he did break through to reach the final of the French Open — and was soundly beaten by the first top 10 player he faced at Roland Garros, No. 1 Jim Courier.

Thus, the victory over Edberg is the best of his career.

The key was the third-seeded Korda's ability to play well on the big points. He broke Edberg, the top seed, in the fourth game of the match.

Although Edberg erased a set point in the eight game and broke back in the next one, Korda continued to hit crisp passing shots and service returns that forced Edberg to volley from increasingly uncomfortable positions.

In the second set, each player held serve with relative ease until the 12th game. Edberg led by 40-30, but Korda produced two precise passing shots on the trot to reach match point. Edberg then ended a short rally with a forehand error from the backcourt.

"I changed my approach a little this year, taking two weeks off to work on my game and conditioning at the Nick Bollettieri Tennis Academy at the end of July," Korda said, citing his improved mobility and stamina as factors in the victory.

Then he gave credit to his coach, Vladimir Zednick: "Also my coach and I have been working to use my volley more. I have a good volley, but I never used it as much as I should. Now, instead of staying on the back line, I come to the net whenever I have the chance, and I feel very comfortable there."

A 31st Record-Breaker for Bubka

The Associated Press

PADUA, Italy — Sergei Bubka, setting a world pole vault record for the 31st time, leaped 6.12 meters (20 feet, 1 inch) Sunday at a track and field meet here.

He improved by one centimeter his record of 6.11 meters set in Dijon, France, on June 13.

Bubka also holds the world indoor mark, at 6.13 meters.

The 28-year-old Ukrainian, who was the Olympic champion in Seoul and the world champion in Tokyo last year, cleared 6.12 meters on his first attempt, after missing once at 5.85 meters.

Sunday's record was some solace for Bubka, who failed to win an Olympic medal in Barcelona as he missed three times running in the event there.

"I am very happy. I have a special feeling when I jump in Italy. This track, that I know very well, also helped," said Bubka, who set three of his previous world records during Italian meets.

"I can't predict when the next record may come. People think it's easy. But I am human, not a machine. I will train more and more to improve. I always try my best, in every meet," Bubka told television interviewers.

The world champion added that he was also happy for his family, which was upset following his failure in Barcelona.

"I am going to call my son Vitali. He will have his first day of school Tuesday and this will be a great gift for him," said Bubka, who lives in Berlin.

Bubka will next compete in Turin on Friday night, in the IAAF Grand Prix final. He will also vault in Rieti, near Rome, next Sunday, and in Tokyo next month.



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*DENMARK	8001-0010	*HUNGARY	000-800-01111	*NETHERLANDS	060-022-9111	*SWITZERLAND	155-00-11
EGYPT (Cairo)	510-0200	IRELAND	1-800-550-000	*NORWAY	050-12011	*TURKEY	90-3-800-1-2277
*FINLAND	9800-100-10	ISRAEL	177-100-2727	POLAND***	0-0-800-480-0111	UNITED KINGDOM	0800-89-0011

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McCoy Tyner Plus 15 on 'Paid Vacation'

By Mike Zwerin
International Herald Tribune

PARIS — Now that electricity can make little bands sound big, leading a big band would seem to make little sense, particularly for a pianist who sounds orchestral all alone.

McCoy Tyner's full-bodied, ecstatic, percussive style matured during his years in support of John Coltrane. One of the most unmistakable stylists of the past 25 years, his fast-moving melodies and muscular chords were incorporated into the general repertoire. But a chord is lost if it only exists in your memory, and a repertoire only played in your basement is a frustration.

"Haven't we been lucky?" the director David Lean once told his friend John Boorman. "They let us make movies." Boorman said: "They tried to stop us." Lean replied: "Yes, but we fooled them."

Musicians consider themselves lucky if they can fool "them" into being allowed to play jazz. Energetic young hopefuls send faxes hustling $50 gigs. Strapped for safety's sake in commercial chairs well under the speed limit, many look for fast free trips where seat belts are not required in order to keep their self-respect. It can take heroic motivation and contortionistic metaphysics. As a poet once said, life isn't everything.

And so it came to pass that McCoy Tyner passed through Paris with 15 fortunate sidemen last month on what he called a "paid vacation." Sacrificing income, Tyner knows luck when he sees it. "The nice thing is I didn't have to ask these guys to be in my band," he said, a hearty laugh matching his robust frame. "They sort of appointed me: 'We want to be in your band.' I didn't know what to do. I didn't even have a band."

He seems to be standing straight even when sitting down: "These guys grew up with my music. I'm very fortunate. They're familiar with my style. They sort of have me in common. They're hungry for good music and they want me to lead them. I don't have to worry about getting their attention. I don't even have to say 'Hey!' They're listening already." He can look you in the eye through a pair of dark glasses.

The first McCoy Tyner big band performed in 1984 and though there has been enough work since to call the organization a growing concern, it must also be recognized as a long-term investment. In the short run, it makes no sense adding 12 people to a payroll of an organization already in the black. His trio has all the work it can handle. Why look for complications? Volume does not automatically increase profit. Big is not necessarily beautiful. Leading a big band is like directing a movie. Irresistible. Impossible. Not for everybody. Luck.

Also like movies, casting is a major problem. You want people who won't miss buses, play out of tune, complain about not enough solos. Personality is as important as musicianship. It's as much about who you find yourself eating breakfast with as how well they play.



Christian Rose

"I didn't have to ask these guys to be in my band. . . . They sort of appointed me."

Learning how to handle all of this, Tyner has often asked himself why not stay with his neat trio. With dextrous Avery Sharpe on bass and subtly driving drummer Aaron Scott, two plus one, they equal a tight ideally streamlined number for improvised music.

But the disciplined explosions driven by percussionist Jerry Gonzalez between and behind freewheeling blowing by people like the trombonist Frank Lacy, Howard Johnson on tuba and the tenor saxophonists John Stubblefield and Junior Cook add up to a more ambitious and demanding dimension. Tyner has been asking himself some hard questions about his creativity quotient. Sitting alone writing notes takes some getting used to. As does double-digit leadership.

Woody Herman, who died poor and is perhaps not a good illustration of "luck," and Maynard Ferguson, who knows how to lay back, take it easy and let it happen, were born to be leaders of legions. Tyner talked to both of them. They told him what they knew about leading big bands. It was what they always wanted to do and they did it well. Tyner is still not so sure about himself.

Although he sometimes feels crushed under the weight of all there is to learn about writing for and directing full sections of brass and reeds, the acoustic power of all those horns playing his notes has gotten in his blood. And the learning process itself is rejuvenating: "If I want to keep their respect, I have an obligation to learn. At the end of the semester, I want better than just passing grades."

He was born in Philadelphia in 1938. Both his parents were in the cosmetics business. They encouraged him to play piano and by the age of 15 he was working with rhythm and blues bands in local clubs. He was 17 when he met John Coltrane, also a Philadelphian, who came home between stints with Miles Davis.

Trane was thinking of forming his own band and he soon made it known that when and if it happened, McCoy Tyner would be his piano player. It was 1959. Tyner was working as a shipping clerk in a factory; he had never had a full-time job. A year later, the remarkable bubbling chemistry with Elvin Jones on drums that would become the trademark of a generation was evident on Coltrane's classic recording "My Favorite Things."

There were lean years after Trane's death. It took Tyner time to establish himself as a leader of combos. After his album "Sahara" received two Grammy nominations, he was on his way. Still, despite subsequent increasing success, leading a big band is more challenging then he imagined. He tries to convince himself it's a part-time affair, which it is for the moment. The overhead sees to that. The income from his trio pays for these periodic "paid vacation" tours.

He discusses long- and short-term profits with businessmen on airplanes. Far from being turned off by the business end, he has come to the conclusion that a lot of what's wrong about America is that "we throw things out the window if they won't make a profit this month. The Japanese look ahead. This is one reason for their success. I came to the conclusion that a big band is a good investment not only because it widens my reputation now, but for my future as well. It makes sense to plow back profits if you see a return years ahead."

Tyner knows he is indeed lucky to be allowed to have the choice. He admires an Indian surgeon in New York who gave up his practice to play music. Music can be a sort of fountain of youth if treated with respect. Certain sacrifices come with the territory. Talking about his musicians, he says: "These guys play Broadway shows, commercials — good-paying work. But they'll send in subs for those jobs in order to play with this band. They're like me. It's something we need to be able to afford.

"I'm going to do more of it, that's for sure. There may be a tour of Japan next year. Big bands are an important part of our tradition. The sound is out there."

LANGUAGE

Tasty Tropes and Portmantologisms

By Jeffrey McQuain

WASHINGTON — Tasty tropes are sugarcoating the language. Not only are *sweeteners* added to financial deals, but *Twinkie defenses* are being used by lawyers who contend that their clients' judgment had been impaired by eating high-sugar food. In computerese, a *cookie* is "an identifying mark or 'claim check' given to somebody who shares a computer program." A *magic cookie*, says Eric S. Raymond in the New Hacker's Dictionary, is a pass that allows the computer user to move from one routine or program to another, and *fortune cookie* is a joke or saying shared on computer screens, similar to a printed message inside the Chinese after-dinner treat.

Muzak, it seems, is being replaced with *ear candy* — the easy-on-the-ears sounds of synthesizers. The term is based on *nose candy*, a 1935 reference to cocaine, and probably influenced by the *bubblegum music* of the late 1960s, frothy rock favored by prepubescent fans.

How do you refer to somebody you know only from phone conversations? Try *electric doughnut*, named for the old-fashioned rounded telephone mouthpiece. Thus, in Tom Wolfe's 1987 novel "The Bonfire of the Vanities," an investment expert says of a frequent phone contact: "I don't even know his last name, and I've never met him, and I probably never will. He's an *electric doughnut*."

High-society types, being fiendishly weight-conscious, usually eschew sweets. So what is a *Lemon Tart* doing among them? Tom Wolfe's novel explains: "These were women in their 20s or early 30s, mostly blondes (the Lemon in the Tarts), who were the second, third and fourth wives or live-in girlfriends of men over 40 or 50 or 60 (or 70), the sort of women men refer to, quite without thinking, as *girls*."

Robert L. Chapman, the slanguist who prepared the new edition of Roget's International Thesaurus, sifted through floury phrases to add *jellyroll*, a farming term for the big round bales found in hayfields, and *do donuts*, a variant spelling that refers to driving in tight circles, a sport popular among young car thieves.

A trendy wording is *flavor-of-the-month*, which means "temporarily popular or in vogue" and comes from short-term specials at ice-cream parlors. In a 1981 report in The Economist, the actor Peter Sellers was said to have "experimented with faiths and fortune-tellers on a *flavor-of-the-month* basis."

Why are so many metaphors based on desserts? Chapman suggests that "Food, sex and money have always been semantically conjoined. (Remember the movie "Tom Jones"?) Perhaps we are now in a food phase of the cycle, surfeited — fed up — with sex and money." According to *lollipop psychology*, in a diet-conscious society, these terms fill our need to talk about what we shouldn't eat.

Giving up a steady diet of these metaphors, though, may not be a piece of cake.

□

Sister Souljah, the controversial rap performer, condenses her dual role of rapper and activist into *raptivist*, a deft double play on *rap* and *rapt*. In June, questioned by TV Guide interviewers about the interplay of polling and democracy, Ross Perot, then a presidential contender, asked: "What do you call that — *pollocracy*?"

Slanguists and other lexperts have been kept busy tracking a growing trend in blends. David K. Barnhart, who edits the quarterly Barnhart Dictionary Companion, says: "Blends are a colorful, interesting category but not a particularly productive one until recently. Their numbers in the past have been low, and studies suggest that many blends are infrequent in use or even a single writer's fixation."

Lewis Carroll was one writer fixated by blends, which he called portmanteau words, after the two-part traveling bag. Perhaps his best invention was *chortle*, a fusing of *chuckle* and *snort*. "You see," Humpty Dumpty tells a wondering Alice about this type of term, "it's like a portmanteau — there are two meanings packed up into one word." James Joyce, another writer obsessed with combining words, sprinkled his 1939 novel "Finnegans Wake" with no end of blends. For example, he formed *wickeday* from *wicked* and *weekday*.

From *Benelux* to *Bosnywash* (the Boston, New York, Washington corridor), portmanteau words often result from the mixing of parts of two or more words. The mixing is generally being done in one of three ways: compression, connection or completion.

In compression the start of one word and the end of another are pushed together, achieving an economy of syllables. As early as 1896, the 14 letters in *breakfast* and *lunch* became the six-letter *brunch*, an invention that was scorned in certain quarters. The journalist Heywood Broun reportedly commented, "There may be some perfectly nice people who use the word *brunch*, but I prefer not to know about them." Other examples of compression include *camwurder*, which is a portable video camera with recorder; *pubcaster*, in the jargon of Variety, is a public television broadcaster.

When two words being mixed share one or more sound elements, the new coinage is known as a blend of connection. Some economists are describing the sluggish economy's rebound as *slowth*, which connects the vowel sound of *slow* and *growth*. More thoroughly connected is *pharming*, a *pharmaceutical* and *farming* combine used in one form of genetic engineering. *Skort*, which is not a short skirt but a hybrid of *skirt* and *shorts*, dates from 1957.

With completion, the blend is lengthier than either of the two words being joined. The columnist Russell Baker, writing about television-addicted voters in 1984, came up with *electorate*, from *television* and *electorate*. Another example of completion is *faddiction*, from *fad* and *addiction*.

Product names and advertisements are also capitalizing on the trend. *Jazzercise* is a dance program for fitness fanatics. And the promoters of Apple Cinnamon Cheerios have come up with this mouthful: "It's *applicious* and *cinnamincredible*!"

Will these faddish phrasings last? No one knows. Heavy-handed blends like *infotainment* (a show mixing information and entertainment) or *dramedy* (a dramatic comedy) probably won't. The memorable ones probably will. The Associated Press, for instance, reported from Cairo about a recent display of "long-forgotten mummies and *mummabilia*," a portmantologism that would surely have made Lewis Carroll chortle.

Jeffrey McQuain, who writes the syndicated column "Our Language" and is the research associate for William Safire, is filling in for Safire.

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